

2013 Comprehensive Annual Financial Report

A component unit of the State of Louisiana for the fiscal year ended June 30, 2013

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date OCT 16 2013

2013 Comprehensive Annual Financial Report

Prepared by the Accounting, Investment, and Public Information Departments
of the Teachers' Retirement System of Louisiana

Maureen H. Westgard, Director

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A component unit of the State of Louisiana for the fiscal year ended June 30, 2013

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October 8, 2013

Board of Trustees
Teachers' Retirement System of Louisiana
Post Office Box 94123
Baton Rouge, LA 70804-9123

Dear Board Members:

We are pleased to present the 2013 Comprehensive Annual Financial Report (CAFR) for the Teachers' Retirement System of Louisiana (TRSL). Each year, in this report, we provide a complete accounting of TRSL activities and operations, including our financial position, investment performance, statutory compliance, demographic makeup, and fund stewardship. This year's compilation covers the fiscal year ended June 30, 2013, and represents the combined efforts of the TRSL staff and its advisors.

Furthermore, in the 2013 annual report, we pay homage to teachers. Historian and scholar Jacques Barzun said "Teaching is not a lost art, but the regard for it is a lost tradition." At TRSL, so much of what we do centers on preserving the dignity of teachers and the teaching profession. A strong retirement system for Louisiana's educational professionals means they can count on a secure source of income long after they leave the classroom or campus. Every day, everyone at TRSL works to make that happen.

It's often said that people don't enter the teaching profession to get rich. Teacher salaries rarely reflect their importance and worth to society. Quite simply, teachers teach because they have a genuine desire to make life better for another person through education.

We can all remember that teacher who inspired, encouraged, and gently—or maybe not-so-gently—nudged us to think harder, do better, and dream bigger. Where would we be without the generous spirit of those who choose to share their knowledge and passion for learning with others? In their honor, throughout this report, we've used some poignant and powerful quotations about teachers that, hopefully, will help us reflect on how they impact us all.

2013 Legislative Session

In the 2013 legislative session, more than 40 retirement-related bills were filed. Nineteen directly impacted TRSL, but only two of those passed.

Act 365 of 2013 gives members the opportunity to transfer service credit to another system with a higher accrual rate by paying all actuarial costs. Also, under this new law, individuals who are not state employees can complete a reverse transfer of service credit without having to immediately retire, if application is made on or before December 31, 2013.

Most notably, House Concurrent Resolution 2 delayed implementation of the cash balance plan until July 1, 2014. The cash balance plan law was passed in the 2012 legislative session, and created a new retirement plan for TRSL employees of postsecondary education institutions and postsecondary education management boards hired on or after July 1, 2013.

However, after close of the 2013 legislative session, the Louisiana Supreme Court ruled that the 2012 law that created the cash balance plan was passed unconstitutionally—nullifying the law and the new plan.

Still, despite the eventual outcome, we would be remiss in not acknowledging the incredible amount of time and effort that went into planning and preparing for the implementation of the cash balance plan by the TRSL staff.

Profile of TRSL

TRSL is a multiple-employer, defined benefit pension plan established by the Legislature in 1936. Its assets are held in trust to provide retirement benefits for retired members and their beneficiaries.

As the largest public retirement system in the state, TRSL has a membership of 180,738. Actively employed members numbered 82,910 in Fiscal Year 2013 and our annuitant count stood at 71,031. In 2012, active membership totaled 84,513 and the number of retirees was 67,657.

TRSL paid out more than \$1.8 billion in retirement benefits during Fiscal Year 2013. The vast majority of TRSL members remain in Louisiana after retirement, so those retirement dollars are put to work in local communities where they're used to buy goods and services, and pay taxes.

TRSL is governed by a Board of Trustees whose primary responsibility is to manage and safeguard assets held in trust for the membership. The TRSL Board has 12 elected members and five ex officio members who hold their positions by virtue of their state office. The TRSL Board meets every month. Trustees and executive management staff perform all duties in accordance with their fiduciary responsibilities.

In addition to monthly board meetings, TRSL trustees are required by statute to complete continuing education hours in investments, actuarial science, law, and ethics. Board members must complete a total of 16 hours of trustee education each year.

Investments

TRSL investments earned a 13.9 percent return on investments (gross of fees) for the fiscal year ended June 30, 2013, with investment assets totaling \$15.2 billion. Furthermore, over the past three years, our annualized returns are 13.1 percent, which places us in the top five percentile of public plans with assets greater than \$1 billion, according to the Wilshire Trust Universe Comparison Service (TUCS).

More specifically, the retirement system's public market assets outperformed the corresponding benchmark, returning 14.3 percent versus 12.4 percent for the fiscal year. In alternatives, real estate was the leading asset class returning 14.4 percent for the year, followed by private debt and private equity at 12.8 percent and 12.4 percent, respectively.

In another piece of good news, the latest report from CEM Benchmarking, Inc. showed that TRSL's management of its investment program is highly cost efficient. CEM compared TRSL with 161 other U.S. pension funds as well as a peer group of 17 U.S. funds with a median size of \$14 billion. The latest results show that TRSL saved \$7.2 million compared to the median cost of its peers, given the same asset allocation. These savings were achieved primarily because TRSL has been able to negotiate lower investment management costs.

Funding

TRSL administers a defined benefit plan. The plan is funded through investment earnings and contributions from employees and employers. Regular Plan members, the System's largest membership, contribute eight percent of salary toward their retirement benefits. There are two retirement plans for food school service personnel—Plan A and Plan B. Plan A members contribute 9.1 percent toward retirement. Plan B members pay five percent of salary toward their TRSL retirement, and also contribute to Social Security.

In 2012, legislation was passed that requires that separate employer contribution rates be calculated for each TRSL subplan—the Regular Plan for K-12, Regular Plan for higher education, and School Lunch Plans A and B. Despite the distinction by subplan, the employer contribution rate is still based on two factors: (1) the normal cost of funding retirement benefits for the current year, and (2) amortization of the retirement system's unfunded accrued liability (UAL). Based upon these two factors, each year the TRSL actuary recommends an employer contribution rate which is converted to a percentage of total payroll of all active members for each subplan and adopted by the Public Retirement Systems' Actuarial Committee (PRSAC).

The System's funded ratio for Fiscal Year 2013 increased to 56.4 percent from 55.4 in Fiscal Year 2012. Total net assets held in trust at June 30, 2013, were \$15.5 billion compared to \$14.2 billion at June 30, 2012.

Accomplishments

Many of our projects this year focused on expanding our ability to communicate with members by utilizing social media. In April, TRSL launched a Facebook page and a Twitter account. We're happy to report that our list of "friends" and "followers" has been steadily growing ever since. If you haven't already, we encourage you to "like us" or "follow us" today.

Our use of these popular communication resources particularly helped us during the legislative session. We were able to quickly and easily reach the tech-savvy segment of our members who prefer to get their information electronically and on the go—not through traditional printed materials.

In that same vein, we began using a new email system to send important TRSL news and information to members who subscribe to TRSL's *eNews*. Our subscribers now enjoy a more attractive and interactive experience when they receive *eNews* updates. They can also set their preferences to specify what kind of *eNews* information they prefer to receive.

By incorporating these technologies into our communication plan, we have also become better environmental stewards. Last year, we made our *Popular Annual Financial Report (PAFR)* available exclusively online. And, in April we moved to a solely *electronic* format for our active member newsletter, *Links*. While these publications have been available electronically for a while, our decision to forego future printings aligns with our commitment to conserve resources—both physically and financially. In fact, through our green efforts, we expect to save almost \$100,000 in annual printing and postage costs.

We are also proud of the fact that TRSL has always been poised to assist members whenever the need arises. With the privatization of the Louisiana State University Health Science Centers and hospitals, the retirements of more than 1,590 TRSL members in the defined benefit plan were impacted. TRSL staff worked to notify the impacted employers about resources to help them advise their employees about retirement benefit options. The System also conducted on-site counseling at several employer sites and offered 10 webinars from February through March that allowed affected members to get the information they needed from the convenience of their home or work computers.

Finally, as mentioned earlier, TRSL participated in the CEM Benchmarking study, which provides a 360-degree view of everything we do in our investment of assets and our processing of retirement benefits. We use the results as a tool to ensure we manage our resources efficiently and effectively. For the 10th year, TRSL was recognized by CEM for its efficient delivery of quality services when compared to its peers. In the area of pension administration, the latest results show that TRSL's cost per member was \$88 compared to its peer average of \$96. Continued enhancements to online self-service options for members and employers have positively impacted TRSL's service score for the past several years.

Our accomplishments are a testament to the hard work and dedication of our talented staff who continually seek ways to build upon our past successes.

Report structure and oversight

TRSL prepares this report to meet all requirements in Louisiana Revised Statute 11:832(B), and has been prepared according to the generally accepted accounting principles established by the Governmental Accounting Standards Board (GASB).

The management of TRSL is responsible for internal accounting controls, which are designed to provide reasonable assurances regarding the reliability of all financial statements and disclosures in this report. The concept of reasonable assurance recognizes the relationship between the cost of a control and the benefit likely to be derived, based on the judgment of management. Furthermore, the object is to provide reasonable, not absolute, assurance that the financial statements are free of any material errors. To the best of our knowledge, the internal accounting controls currently in place meet the purposes for which they are intended—specifically assuring that the financial statements in this report, including supporting schedules and statistical tables, are presented fairly in all material aspects.

Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. The MD&A complements this letter of transmittal and should be read in conjunction with it.

This report consists of the following sections.

- **Introductory** General information regarding TRSL operations
- **Financial** Management's discussion and analysis and financial statements
- **Investment** Summary of investments and performance information
- **Actuarial** Results from actuarial valuation and other actuarial information
- **Statistical** General statistical information about TRSL finances and members

As previously mentioned, the TRSL Board of Trustees and its executive management have a fiduciary responsibility to act in the best interest of the System—not any particular constituency. Concerning these trustees and staff, there can be no conflict of interest associated with their positions; they must meet the highest of ethical standards; manage assets in accordance with the goals and statutory requirements of the System; and employ the requisite legal and financial expertise to invest System funds. TRSL also maintains a system of internal controls to reasonably assure member data and financial information are secure and assets and resources are safeguarded and utilized appropriately.

As another layer of accountability, TRSL is subject to a substantial degree of legislative oversight. The Legislature reviews and approves the System's annual operating budget and enacts legislation related to the TRSL's administration, benefit structure, investments, and funding. The legislative auditor is responsible for the procurement of audits for TRSL and is authorized to contract with a licensed CPA for each audit. Additionally, PRSAC reviews and adopts TRSL's valuation report, including its actuarial assumptions, each year.

On behalf of the Louisiana Legislative Auditor's Office, the independent certified public accounting firm of Hawthorn, Waymouth & Carroll, L.L.P., located in Baton Rouge, La., performed the annual financial and compliance audit of TRSL. This audit of our financial statements is performed in accordance with generally accepted auditing standards and *Government Auditing Standards* as issued by the Comptroller General of the United States. It is the opinion of the independent auditors that all financial statements contained in this report fairly present, in all material respects, the financial position of TRSL as of June 30, 2013, and 2012.

Awards and Recognition

We are honored by the recognition we received this year from two leading pension and financial associations

For the 22nd consecutive year, the Government Finance Officers Association (GFOA) presented TRSL with the *Certificate of Achievement for Excellence in Financial Reporting* for our *2012 Comprehensive Annual Financial Report*. We also received the GFOA award for our *Popular Annual Financial Report* for 11 consecutive years.

These awards recognize state and local governments that go beyond the minimum requirements of generally accepted accounting principles to prepare financial reports that evidence the spirit of transparency and full disclosure.

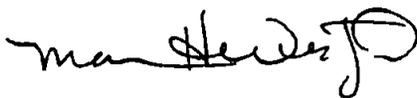
Also, the Public Pension Coordinating Council (PPCC), a coalition of three national associations that represent more than 500 of the largest pension plans in the U.S., awarded TRSL the *Public Pension Standards Award for Funding and Administration*. Public Pension Standards are a benchmark to measure public defined benefit plans in the areas of retirement system management, administration, and funding. This is the 10th year that TRSL has received the PPCC award.

Acknowledgments

We sincerely appreciate those TRSL staff members who were instrumental in the preparation of this report. Their dedication to this annual undertaking is commendable and their work is invaluable.

And finally, thank you to the women and men—past and present—whose impact in Louisiana's schools, universities, and community and technical colleges crosses generations. We, at TRSL, honor your dedicated service, and remain committed to safeguarding your retirement security.

Respectfully submitted,



Maureen H. Westgard
Director



Charlene T. Wilson
Chief Financial Officer

Mission Statement

VISION

Retirement security in a changing world

MISSION

Manage the Teachers' Retirement System of Louisiana in a manner that creates the highest degree of confidence in our integrity, efficiency, fairness, and financial responsibility

VALUES AND GOALS

We are here to serve our customers.

Every customer will be provided timely, accurate, and courteous service

We are committed to our role as fiduciaries of the trust.

We will manage the fund's assets with unwavering integrity and discipline to provide retirement benefits and achieve long-term, optimal results

We believe in the value of public service and quality education for all Louisiana citizens.

We will foster an environment where innovation, initiative, and accountability are expected and supported

We know that with an entrepreneurial spirit and team work, we can accomplish any task.

We will utilize quality principles, leading technology, and partnerships with our stakeholders to improve our products and services

Ultimately, our performance comes from our people.

We value and support employees through open communication, professional development, recognition, and by creating a sense of community

Board of Trustees and Ex Officio Members



Robert Lawyer
Board Chair
Colleges & Universities
Term expires 12/31/14



Joe A. Potts, Jr.
Board Vice Chair
1st District
Term expires 12/31/14



Sheryl R. Abshire, Ph.D.
7th District
Term expires 12/31/14



Anne H. Baker
Retired Members
Term expires 12/31/13



William C. "Bill" Baker, Ed.D.
Retired Members
Term expires 12/31/14



Holly Bridges Gildig
5th District
Term expires 12/31/16



Kathy Hattaway
School Food Service Employees
Term expires 12/31/13



Joyce P. Haynes
6th District
Term expires 12/31/12



David A. Hennigan
4th District
Term expires 12/31/15



Alonzo R. "Lonnie" Luce, Ph. D
Superintendents
Term expires 12/31/14



John G. Parauka
2nd District
Term expires 12/31/15



Carlos J Sam
3rd District
Term expires 12/31/15



Honorable Elbert L. Guillory
Chairman, Senate Retirement Committee
Ex officio



Honorable John N. Kennedy
State Treasurer
Ex officio



Kristy Nichols
Commissioner, Division of Administration
Ex officio



Honorable J. Kevin Pearson
Chairman, House Retirement Committee
Ex officio



John White
State Superintendent of Education
Ex officio

Executive Management and Department Managers

Executive Management



**Maureen H
Westgard, Director**



**A. Stuart Cagle, Jr.,
Deputy Director**



**Dana L. Vicknair,
Assistant Director**



**Roy A. Mongrue, Jr.
General Counsel**



**Philip Griffith
Chief Investment
Officer**

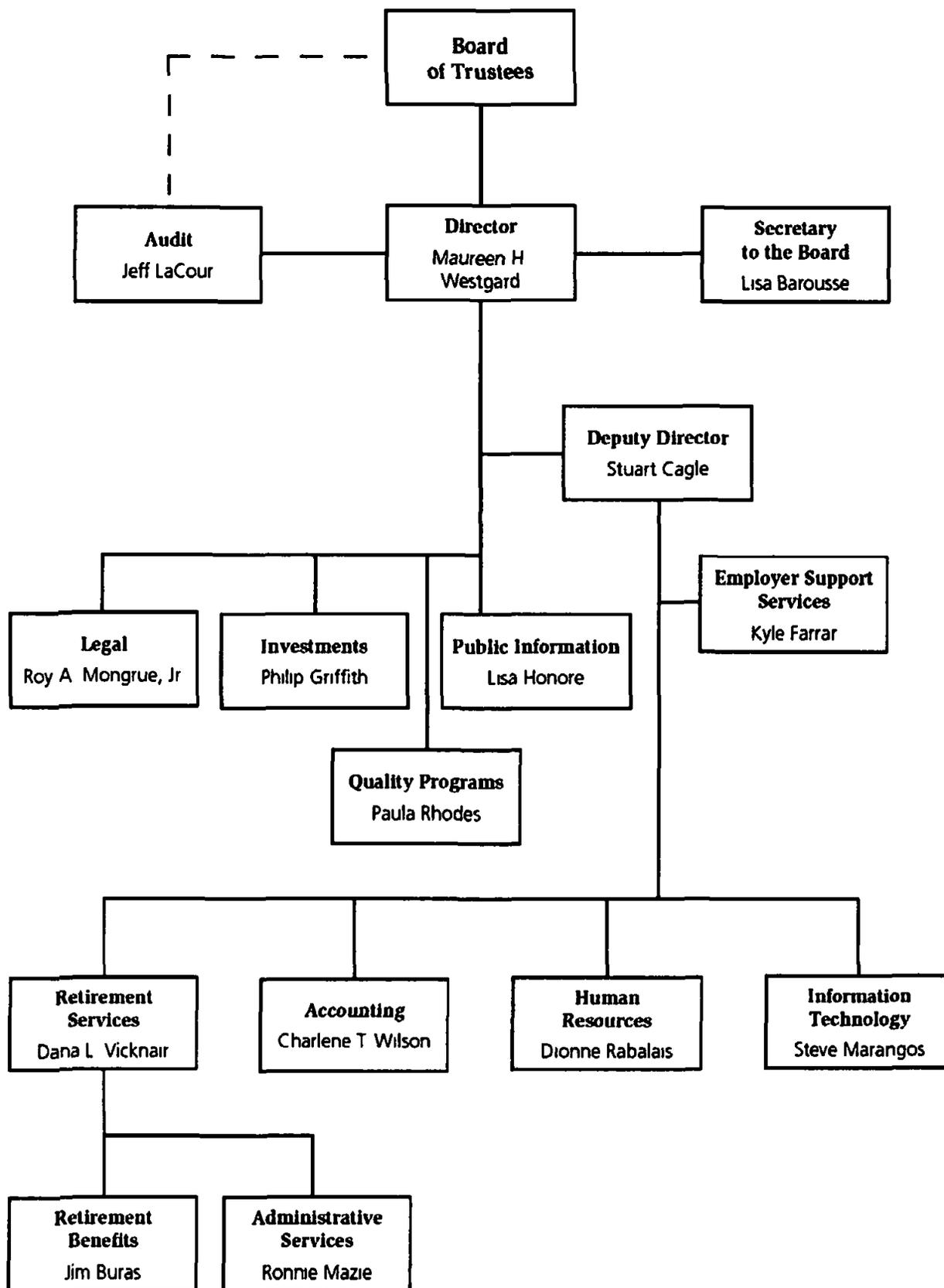
Department Managers



Front row: Steve Marangos, *Information Technology Director*, Lisa Honoré, Ph D, *Public Information Director*, Dionne Rabalais, *Human Resource Director*, Katherine Whitney, *Deputy General Counsel*, Charlene T. Wilson, *Chief Financial Officer*

Back row: Jim Buras, *Retirement Benefits Administrator*, Dana Brown, *Investment Director of Public Assets*, Jeff LaCour, *Audit Director*, Ronnie Mazie, *Administrative Services Manager*, Maurice Coleman, *Investment Director of Private Assets*

Organizational Chart



Professional Consultants and Vendors

Actuaries

Foster & Foster
Hall Actuarial Associates
SJ Actuarial Associates

Auditor & Accountant

Hawthorn, Waymouth & Carroll, L L P
Postlethwaite & Netterville

Custodian Bank and Securities Lending Vendor

BNY Mellon Asset Servicing

Information Technology and Other Consultants

Bayou Internet, Inc
Bowen ECM Solutions, L L C
CEM Benchmarking, Inc
Investor Responsibility Support Services, Inc
Modiphy, Inc
Sign Language Services International
Southwest Computer Bureau, Inc
USA Consulting, Inc
VR Election Services

Investment Advisors

Alliance Bernstein LP
Artisan Partners Limited Partnership
Baillie Gifford Overseas Limited
The Boston Company Asset Management
Brandywine Global Investment Management, Inc
Brown Advisory
The Clifton Group
Columbus Circle Investors
Fiduciary Management Associates, L L C

Hamilton Lane Advisors, L L C
J P Morgan Investment Management, Inc
MFS Institutional Advisors, Inc
Mondrian Investment Partners
Pacific Investment Management Co
Perimeter Capital Management
Prudential Fixed Income
Prudential Real Estate Investors
Rhumblin Advisers
Shenkman Capital Management, Inc
Systematic Financial Management
Vontobel Asset Management
Westwood Management Corp
Western Asset Management Co

Investment Consultants

Hewitt EnnisKnupp, Inc

Legal Consultants

Avant & Falcon
Ice Miller, L L P
Klausner, Kaufman, Jensen & Levinson

Medical Examiners

Brian C Gremillion, M D
Integrated Behavioral Health
Anthony Ioppolo, M D
W J Laughlin, M D
Tulane Medical Group
C/O Dr Maryellen Romero, M D
Lawrence D Wade, M D
Michael W Yorek, M D



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**Teachers Retirement System
of Louisiana**

**For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended**

June 30, 2012

Executive Director/CEO



Public Pension Coordinating Council

**Public Pension Standards Award
For Funding and Administration
2012**

Presented to

Teachers' Retirement System of Louisiana

In recognition of meeting professional standards for
plan funding and administration as
set forth in the Public Pension Standards

Presented by the Public Pension Coordinating Council, a confederation of

National Association of State Retirement Administrators (NASRA)
National Conference on Public Employee Retirement Systems (NCPERS)
National Council on Teacher Retirement (NCTR)

A handwritten signature in cursive script that reads "Alan H. Winkle".

Alan H. Winkle
Program Administrator

Summary of 2012-13 Legislation

Cash Balance Plan	
HCR 2	<p>Suspends provisions of law providing for the Cash Balance Plan in certain retirement systems until the earlier of July 1, 2014, or the occurrence of certain conditions</p> <p><i>NOTE Act No 483 of the 2012 Louisiana Legislative Session enacted the Cash Balance Plan as a tier of TRSL's defined benefit plan On June 28, 2013, the Louisiana Supreme Court, in Retired State Employees Association v State of Louisiana, ruled that Act No 483 was enacted in violation of the constitutional requirements found in Article X, Section 29(F) of the Louisiana Constitution</i></p>
Transfers between retirement systems	
Act 365	<p>Provides relative to transfers of service credit between systems and would authorize individuals transferring service credit to a system with a higher accrual rate to elect to purchase the accrual rate of the receiving system by paying all actuarial costs In addition, Act 365 permits individuals who are not state employees to complete a reverse transfer of service credit without having to immediately retire if application is made on or before December 31, 2013 (<i>Effective 6/30/13</i>)</p>

FINANCIAL SECTION

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Independent Auditor's Report

HAWTHORN, WAYMOUTH & CARROLL, L.L.P.



LOUIS C. McKNIGHT, III, C.P.A.
CHARLES R. PEVEY, JR., C.P.A.
DAVID J. BROUSSARD, C.P.A.
NEAL D. KING, C.P.A.
KARIN S. LEJEUNE, C.P.A.
ALYCE S. SCHMITT, C.P.A.

CERTIFIED PUBLIC ACCOUNTANTS

8555 UNITED PLAZA BLVD., SUITE 200
BATON ROUGE, LOUISIANA 70809
(225) 923-3000 • FAX (225) 923-3008

October 8, 2013

Independent Auditor's Report

Members of the Board of Trustees
Teachers' Retirement System of Louisiana
Baton Rouge, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of Teachers' Retirement System of Louisiana (the System), a component unit of the State of Louisiana, as of and for the years ended June 30, 2013 and 2012, and the related notes to the financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Teachers' Retirement System of Louisiana, as of June 30, 2013 and 2012, and the respective changes in financial position for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Independent Auditor's Report (cont'd)

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and schedules of funding progress for defined benefit plan, employer contributions for defined benefit plan, and funding progress for other post-employment benefits listed as Required Supplementary Information in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the basic financial statements of the System. The accompanying schedules of administrative expenses, investment expenses, board compensation, and payments to non-investment related consultants and vendors listed as Supporting Schedules in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. These schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory section, investment section, actuarial section, and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 8, 2013, on our consideration of the System's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the System's internal control over financial reporting and compliance.

Yours truly,



Management's Discussion and Analysis

Management is pleased to provide this overview and analysis of TRSL's financial performance. This narrative overview and analysis assist in interpreting the key elements of the financial statements, notes to the financial statements, required supplementary information, and supporting schedules for 2012 and 2013. We encourage readers to consider the information and data presented here in conjunction with information provided in other areas of the Financial Section, as well as information presented in the letter of transmittal in the Introductory Section.

Financial Highlights

- The net assets held in trust were \$15.5 billion in 2013 compared to \$14.2 billion in 2012, and \$14.6 billion in 2011.
- The market rate of return on the System's investments was 13.9 percent for 2013 compared to 0.1 percent for 2012, and 26.8 percent for 2011.
- The System's funded ratio was 56.4 percent at June 30, 2013, compared to 55.4 percent at June 30, 2012, and 55.1 percent at June 30, 2011.
- The unfunded actuarial accrued liability (UAAL) was \$11.3 billion for 2013, \$11.0 billion for 2012, and \$10.8 billion for 2011. This liability includes all actuarial assets required in accordance with GASB 25.
- Total benefit payments were \$1.8 billion in 2013. The benefit payments were \$1.7 billion in 2012 and \$1.6 billion in 2011.

Overview of the Financial Statements

The System's basic financial statements include the following:

- Statements of net position (formerly statements of plan net assets),
- Statements of changes in net position (formerly statements of changes in plan net assets), and
- Notes to the financial statements

This report also contains required supplementary information in addition to the basic financial statements. The statements of net position report the pension fund's assets, liabilities, and resultant net assets held in trust for pension benefits. It discloses the financial position of the System as of June 30, 2013, and June 30, 2012.

The statements of changes in net position report the results of the pension fund's operations during the years, disclosing the additions to and deductions from the plan net assets. It supports the change that has occurred to the prior year's net asset value on the statement of net position.

The notes to the financial statements provide additional information and insight that are essential to gain a full understanding of the data provided in the statements:

- **Note A** provides a general description of TRSL, information regarding employer and membership participation, and descriptions of the various plans offered.
- **Note B** provides a summary of significant accounting policies and plan asset matters including the basis of accounting, estimates, methods used to value investments, property and equipment, budgetary accounting methods, accumulated leave requirements, and reclassifications.
- **Note C** provides information regarding member and employer contribution requirements.
- **Note D** provides information regarding TRSL employee pension benefit plans.
- **Note E** describes the System's investments and includes information regarding cash and cash equivalents, security collateralization, investment credit risk, interest rate risk, foreign credit risk, and alternative investments.
- **Note F** provides information regarding securities lending transactions.
- **Note G** describes the various types of derivative investments in which the System is invested.
- **Note H** provides information on contingent liabilities.
- **Note I** provides the required supplementary information.
- **Note J** provides information on the presentation of GASB Statement 44.
- **Note K** provides information on the presentation of GASB Statement 45.
- **Note L** provides information on subsequent events.
- **Note M** provides information on upcoming implementation of GASB Statement 67.
- **Note N** provides information on upcoming implementation of GASB Statement 68.

Required supplementary information consists of two schedules and related notes concerning the funded status of the System. It also includes the schedule of funding progress for the Other Post-Employment Benefits (OPEB) plan.

Supporting schedules include information on administrative expenses, investment expenses, board compensation, and payments to non-investment related consultants and vendors.

TRSL Financial Analysis

TRSL provides retirement benefits to all eligible teachers, administrative support staff, and school food service personnel. Member contributions, employer contributions, and earnings on investments fund these benefits. Total net assets held in trust to pay pension benefits at June 30, 2013, are approximately \$15.5 billion, compared to \$14.2 billion held in trust at June 30, 2012, and \$14.6 billion held in trust at June 30, 2011.

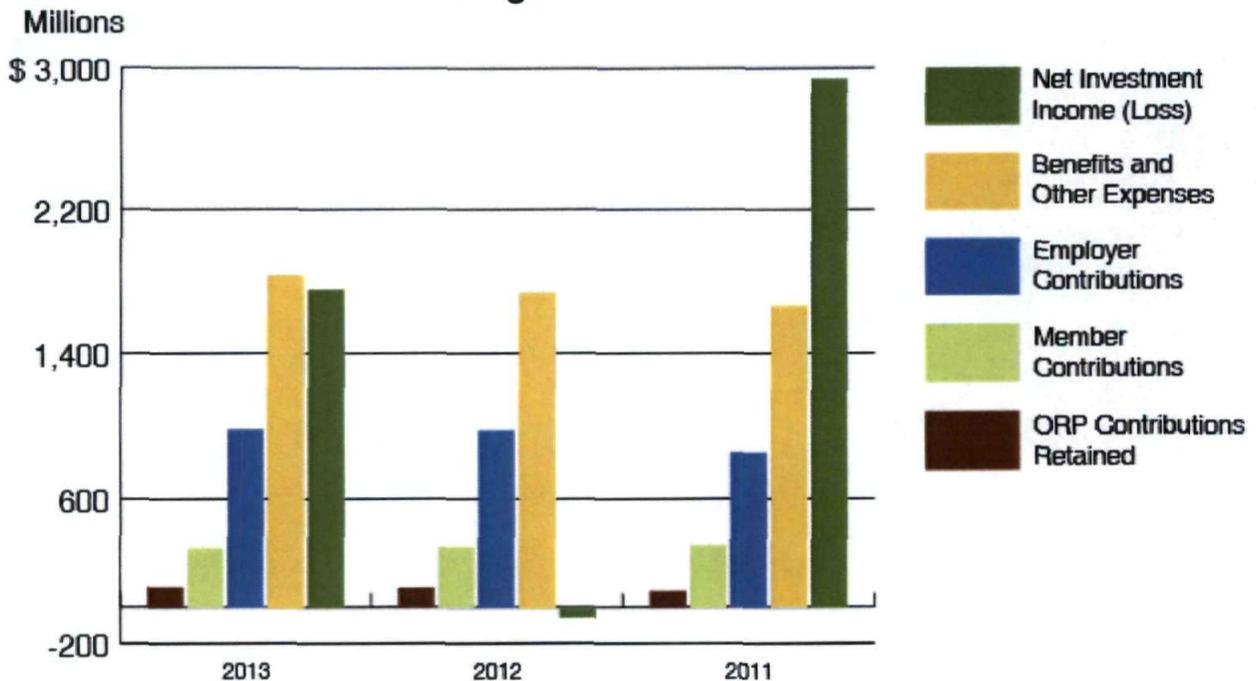
Condensed Comparative Statements of Net Position			
	2013	2012	2011
Cash and cash equivalents	\$ 199,799,910	\$ 198,662,009	\$ 193,169,842
Receivables	1,434,471,144	982,346,638	881,409,503
Investments (fair value)	15,178,470,861	13,908,020,885	14,226,894,390
Securities lending collateral	1,972,976,370	1,526,262,603	1,193,140,158
Property and equipment, at cost (net)	<u>4,027,869</u>	<u>4,148,693</u>	<u>4,298,781</u>
Total assets	<u>18,789,746,154</u>	<u>16,619,440,828</u>	<u>16,498,912,674</u>
Accounts payable and other liabilities	1,326,532,924	904,194,504	728,561,935
Securities lending collateral	<u>1,972,976,370</u>	<u>1,526,262,603</u>	<u>1,193,140,158</u>
Total liabilities	<u>3,299,509,294</u>	<u>2,430,457,107</u>	<u>1,921,702,093</u>
Net assets held in trust	<u>\$ 15,490,236,860</u>	<u>\$ 14,188,983,721</u>	<u>\$ 14,577,210,581</u>

Changes in Net Position

For June 30, 2013, additions to TRSL's net position were derived from investment income and member and employer contributions. For 2013, investment income was \$1,750,935,396 compared to -\$58,458,258 for 2012 and \$2,942,693,424 for 2011. For 2013 member contributions decreased \$6,140,518 (-1.8 percent) compared to 2012, and employer contributions increased \$7,296,303 (0.7 percent) over 2012. For June 30, 2012, additions to TRSL's plan net position were derived from member and employer contributions. Member contributions decreased \$8,414,875 (-2.5 percent) compared to 2011, and employer contributions increased \$123,251,239 (14.4 percent) over 2011. For 2011, member contributions decreased \$4,791,303 (-1.4 percent) compared to 2010, and employer contributions increased \$188,698,589 (28.4 percent) over 2010. The System's actuary and the Public Retirement Systems' Actuarial Committee (PR SAC) adjust employer contributions annually.

Condensed Comparative Statements of Changes in Net Position			
	2013	2012	2011
Additions			
Member contributions	\$ 327,767,936	\$ 333,908,454	\$ 342,323,329
Employer contributions	984,465,807	977,169,504	853,918,265
ORP contributions retained	111,013,985	107,420,377	89,760,676
Other operating revenues	4,051,269	2,265,262	3,299,671
Total net investment income (loss)	<u>1,750,935,396</u>	<u>(58,458,258)</u>	<u>2,942,693,424</u>
Total additions	<u>3,178,234,393</u>	<u>1,362,305,339</u>	<u>4,231,995,365</u>
Deductions			
Benefits, refunds, and other	1,860,853,924	1,733,774,249	1,660,261,512
Administrative expenses	15,750,180	16,317,659	15,417,596
Depreciation expense	<u>377,150</u>	<u>440,291</u>	<u>537,060</u>
Total deductions	<u>1,876,981,254</u>	<u>1,750,532,199</u>	<u>1,676,216,168</u>
Net increase (decrease)	1,301,253,139	(388,226,860)	2,555,779,197
Net assets beginning of year	<u>14,188,983,721</u>	<u>14,577,210,581</u>	<u>12,021,431,384</u>
Net assets end of year	<u>\$ 15,490,236,860</u>	<u>\$ 14,188,983,721</u>	<u>\$ 14,577,210,581</u>

Changes in Net Position



Financial Section

Deductions from plan net assets totaled \$1,876,981,254 in fiscal year 2013, an increase of \$126,449,055 (or 7.2 percent). For 2012 deductions from plan net assets totaled \$1,750,532,199, an increase of \$74,316,031 (or 4.4 percent) over fiscal year 2011. In 2011, total deductions from plan net assets increased by \$84,344,231 (or 5.3 percent) over fiscal year 2010. Benefit payments continue to be the major reason for this increase. For fiscal year 2013, benefit payments increased by 7.0 percent, compared to 4.1 percent in 2012, and 5.4 percent in 2011.

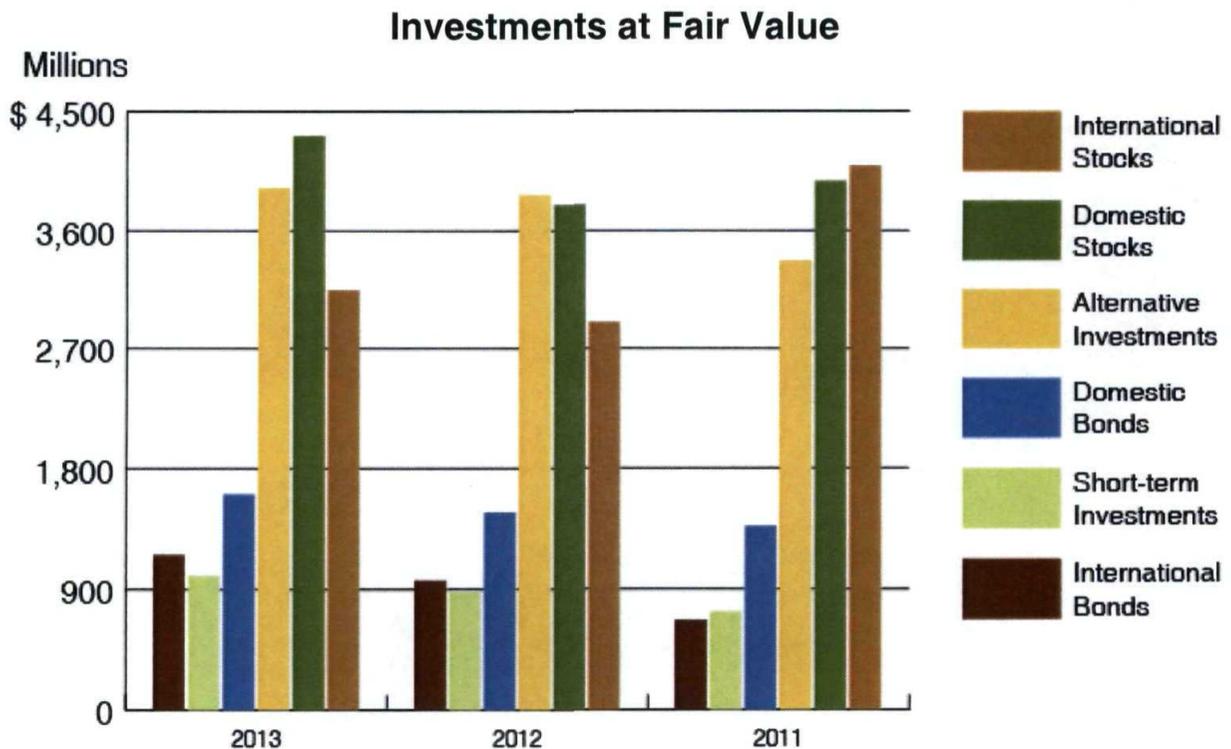
Investments

As the state’s largest public retirement system, TRSL is responsible for the prudent management of funds held in trust for the exclusive benefit of members. Funds are invested to achieve maximum returns and minimize risk.

Total investments at June 30, 2013, approximated \$15.2 billion, compared to \$13.9 billion at June 30, 2012, and \$14.2 billion for June 30, 2011. For 2013, the System experienced a \$1.8 billion gain compared to a \$58.5 million loss for 2012 and a gain of \$2.9 billion in 2011. For 2013, the investment increase is due in large part to returns in the System’s public market assets and the System’s return in its private asset allocations.

TRSL’s market rate of return is 13.9 percent for fiscal year ended 2013. The System has sustained annualized returns over the past three years of 13.06 percent, which when compared to other public plans with assets greater than \$1 billion gives the System a top five percentile ranking, according to the Wilshire Trust Universe Comparison Service (TUCS).

Investments at Fair Value			
	2013	2012	2011
Domestic bonds	\$ 1,611,411,082	\$ 1,477,406,933	\$ 1,374,952,322
International bonds	1,162,848,924	972,447,063	669,538,563
Domestic stocks	4,322,095,263	3,794,815,270	3,975,570,172
International stocks	3,148,691,961	2,904,306,050	4,094,745,522
Short-term investments	1,005,978,360	884,290,767	738,220,668
Alternative investments	<u>3,927,445,271</u>	<u>3,874,754,802</u>	<u>3,373,867,143</u>
Total investments	<u>\$ 15,178,470,861</u>	<u>\$ 13,908,020,885</u>	<u>\$ 14,226,894,390</u>



Funded Status

An actuarial valuation of assets and liabilities is performed annually. The System's funded ratio is 56.4 percent at June 30, 2013, 55.4 percent at June 30, 2012, and 55.1 percent at June 30, 2011. The amount by which TRSL's actuarial liabilities exceed the actuarial assets is \$11.3 billion at June 30, 2013, compared to \$11 billion at June 30, 2012 and \$10.8 billion at 2011. For the year ending June 30, 2013, the net realized actuarial rate of return was 13.41 percent. There was a net experience gain to the fund from all sources of \$693,984,286. This includes the increase in assets due to the change in asset valuation method. A portion of the increase in assets due to investment earnings was allocated to the Experience Account. For the years ending June 30, 2012, and 2011, the net realized actuarial rates of return were 5.05% and 6.44%, respectively.

Requests for Information

Questions concerning any of the information provided herein, or requests for additional financial information should be addressed to

Charlene T. Wilson
Chief Financial Officer
Teachers' Retirement System of Louisiana
P. O. Box 94123
Baton Rouge, LA 70804-9123
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BASIC FINANCIAL STATEMENTS

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Statements of Net Position

Statements of Net Position as of June 30, 2013, and 2012		
	2013	2012
Assets		
Cash and cash equivalents	\$ 199,799,910	\$ 198,662,009
Receivables		
Member contributions	55,939,595	58,959,885
Employer contributions	148,946,822	154,172,412
ORP contributions retained	8,119,870	8,225,256
Pending trades	1,176,407,754	722,016,691
Accrued interest and dividends	35,716,156	34,697,700
Other receivables	9,340,947	4,274,694
Total receivables	1,434,471,144	982,346,638
Investments, at fair value		
Domestic bonds	1,611,411,082	1,477,406,933
International bonds	1,162,848,924	972,447,063
Domestic common and preferred stocks	4,322,095,263	3,794,815,270
International common and preferred stocks	3,148,691,961	2,904,306,050
Domestic and international short-term investments	1,005,978,360	884,290,767
Alternative investments	3,927,445,271	3,874,754,802
Total investments	15,178,470,861	13,908,020,885
Invested securities lending collateral		
Collateral held under domestic securities lending program	1,765,304,577	1,228,078,574
Collateral held under international securities lending program	207,671,793	298,184,029
Total securities lending collateral	1,972,976,370	1,526,262,603
Property and equipment (at cost) - net	4,027,869	4,148,693
Total assets	18,789,746,154	16,619,440,828
Liabilities		
Accounts payable and other liabilities		
Accounts payable	9,022,716	8,441,985
Benefits payable	3,199,914	3,239,919
Refunds payable	6,208,406	6,725,777
Pending trades payable	1,296,798,626	875,316,043
Other liabilities	11,303,262	10,470,780
Total accounts payable and other liabilities	1,326,532,924	904,194,504
Securities lending collateral		
Obligations under domestic securities lending program	1,765,304,577	1,228,078,574
Obligations under international securities lending program	207,671,793	298,184,029
Total securities lending collateral	1,972,976,370	1,526,262,603
Total liabilities	3,299,509,294	2,430,457,107
Net assets held in trust for pension benefits	\$ 15,490,236,860	\$ 14,188,983,721
See accompanying notes to financial statements		

Statements of Changes in Net Position

Statements of Changes in Net Position for the Years Ended June 30, 2013, and 2012		
	2013	2012
Additions		
Contributions		
Member contributions	\$ 327,767,936	\$ 333,908,454
Employer contributions	984,465,807	977,169,504
Total contributions	<u>1,312,233,743</u>	<u>1,311,077,958</u>
ORP contributions retained	<u>111,013,985</u>	<u>107,420,377</u>
Investment income		
<i>From investment activities</i>		
Net appreciation in fair value of domestic investments	1,047,441,232	127,240,440
Net appreciation (depreciation) in fair value of international investments	376,541,424	(475,275,004)
Domestic interest	68,615,849	73,362,925
International interest	56,413,369	31,558,988
Domestic dividends	73,904,234	64,438,657
International dividends	101,856,483	104,499,219
Alternative investment income	88,784,863	77,512,719
Miscellaneous investment income	15,028	9,595
Commission rebate income	0	164
Total investment income	<u>1,813,572,482</u>	<u>3,347,703</u>
Investment activity expenses		
International investment expenses	(4,203,417)	(6,280,152)
Alternative investment expenses	(32,400,924)	(32,342,459)
Custodian fees	(432,046)	(397,566)
Performance consultant fees	(759,555)	(790,809)
Advisor fees	(32,476,075)	(30,488,685)
Total investment expenses	<u>(70,272,017)</u>	<u>(70,299,671)</u>
Net income from investing activities (loss)	<u>1,743,300,465</u>	<u>(66,951,968)</u>
<i>From securities lending activities</i>		
Securities lending income	<u>8,979,382</u>	<u>9,984,572</u>
Securities lending expenses		
Fixed	(139,220)	(142,943)
Equity	(853,021)	(818,912)
International	(352,210)	(529,007)
Total securities lending activities expenses	<u>(1,344,451)</u>	<u>(1,490,862)</u>
Net income from securities lending activities	<u>7,634,931</u>	<u>8,493,710</u>
Total net investment income (loss)	<u>1,750,935,396</u>	<u>(58,458,258)</u>
Other operating revenues	<u>4,051,269</u>	<u>2,265,262</u>
Total additions	<u>3,178,234,393</u>	<u>1,362,305,339</u>
Deductions		
Retirement benefits	1,800,166,804	1,682,528,254
Refunds of contributions & other	59,712,975	50,195,898
TRSL employee health & life expense	974,145	1,050,097
Administrative expenses	15,750,180	16,317,659
Depreciation expense	<u>377,150</u>	<u>440,291</u>
Total deductions	<u>1,876,981,254</u>	<u>1,750,532,199</u>
Net Increase (decrease)	1,301,253,139	(388,226,860)
Net assets held in trust for pension benefits		
Beginning of year	14,188,983,721	14,577,210,581
End of year	\$ 15,490,236,860	\$ 14,188,983,721
See accompanying notes to financial statements		

Notes to the Financial Statements

A. Plan Description

1. General

The System is the administrator of a cost-sharing, multiple-employer, defined benefit pension plan established and provided for within Title 11, Chapter 2, of the Louisiana Revised Statutes. The System provides pension benefits to employees who meet the legal definition of a “teacher.” The System is considered part of the State of Louisiana’s financial reporting entity and is included in the State’s financial reports as a pension trust fund. The State of Louisiana issues general purpose financial statements, which include the activities in the accompanying financial statements. The accompanying statements present information only as to transactions of the program of the System, as authorized by Louisiana Revised Statutes.

In accordance with Louisiana Revised Statutes, the System is subject to certain elements of oversight.

- The operating budget of the System is subject to budgetary review and approval by the Legislature
- Annual sworn statements on all financial transactions and the actuarial valuation of the System must be furnished to the Legislature at least 30 days before the beginning of each regular session
- The legislative auditor is responsible for the procurement of audits for the public retirement systems and is authorized to contract with a licensed CPA for each audit
- Actuarial calculations and results are reviewed by the Public Retirement Systems’ Actuarial Committee (PR SAC) annually
- The Louisiana Legislature enacts legislation pertaining to the public retirement systems, including administration, benefits, investments, and funding. All proposed retirement legislation is considered by the House and/or Senate Committees on Retirement. The legislative actuary prepares actuarial notes identifying the costs or savings related to such legislation.

For 2013 reporting and financial statement presentation, the System implemented Governmental Accounting Standards Board (GASB) Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position Under GASB Statement No. 14, The Financial Reporting Entity (GASB 14), as amended by GASB Statement No. 61, The Financial Reporting Entity Omnibus – an amendment of GASB Statements No. 14 and No. 34 (GASB 61), the definition of a reporting entity is based primarily on the concept of financial accountability, and the existence of a financial burden/benefit relationship. In determining financial accountability for legally separate organizations, the System considered whether its officials appoint a voting majority of an organization’s governing body and whether they are able to impose their will on that organization or if there is a potential for the organization to provide specific financial benefits or to impose specific financial burdens on the System. The System also determined whether there are organizations that are fiscally dependent on it. It was determined that there are no component units of the System as defined under GASB 14 as amended by GASB 61.

2. Membership

At June 30, 2013, and 2012, the number of participating employers was

	2013	2012
School Boards	69	69
Colleges and Universities	28	27
State Agencies	58	62
Charter Schools	36	32
Other	<u>17</u>	<u>16</u>
Total	<u>208</u>	<u>206</u>

Membership of this plan consisted of the following at June 30, 2013, and 2012, the dates of the latest actuarial valuations

	2013	2012
Retirees and beneficiaries receiving benefits	71,031	67,657
Deferred Retirement Option Plan participants	2,451	2,637
Terminated vested employees entitled to but not yet receiving benefits	5,991	6,439
Terminated nonvested employees who have not withdrawn contributions	18,355	18,069
Current active employees:		
Vested	57,610	57,419
Nonvested	22,238	23,643
Post Deferred Retirement Option Plan participants	<u>3,062</u>	<u>3,451</u>
Total	<u>180,738</u>	<u>179,315</u>

3. Funding Status and Funding Progress

Contributions to the System are determined through an annual actuarial valuation. Administration of TRSL is financed through investment earnings. The schedule below reflects the funding status and progress of the System for the fiscal year ended June 30, 2013 (Dollars are presented in thousands.)

Actuarial Valuation Date	Actuarial Value of Assets ¹ (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) ² (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
06/30/13	\$14,677,798	\$26,017,708	\$11,339,910	56.4%	\$3,726,326	304.3%
06/30/12	\$13,584,409	\$24,540,080	\$10,955,671	55.4%	\$3,808,761	287.6%

¹ The Actuarial Value of Assets for GASB reporting includes the IUAL Fund Assets in the Valuation Assets

² UAAL differs from the UFAL for funding purposes. UFAL for funding purposes excludes IUAL Fund

UFAL – Unfunded Frozen Accrued Liability

IUAL – Initial Unfunded Accrued Liability

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The required Schedule of Funding Progress located in Required Supplementary Information following Notes to the Financial Statements presents multi-year trend information regarding whether the actuarial value of plan assets are increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Additional information on the actuarial methods and assumptions used as of the June 30, 2013, actuarial valuation follows

Valuation date	June 30, 2013												
Actuarial cost method	Projected Unit Credit												
Amortization method	<p>The unfunded accrued liability on June 30, 1988, is amortized over a 40-year period commencing in 1989. The amortization payment reflects a 4% increase for the first five years, reducing by 0.5% at the end of each quinquennial period. Changes in unfunded accrued liabilities occurring after June 30, 1988, are amortized as level dollar amounts.</p> <p>Act 257 of 1992 further amended the amortization schedule to reflect a 4.5% payment increase over the remaining amortization period.</p> <p>Act 588 of 2004 re-amortized changes in liabilities occurring from 1993 through 2000 as a level dollar payment to 2029. Amortization periods for changes in liabilities beginning with 2001 through 2003 were extended to a 30-year period from the date of occurrence. Amortization periods for changes in liabilities beginning with 2004 are extended to a 30-year period from the date of occurrence, paid as a level dollar amount.</p> <p>Act 484 of 2007 and resulting constitutional amendment requires increases in UAL due to altered benefit provisions by legislative enactment to be amortized over a 10-year period with level payments.</p> <p>Act 497 of 2009 consolidated the outstanding balance of all amortization schedules established on or before July 1, 2008, into two amortization schedules, the Original Amortization Base (OAB) and the Experience Account Amortization Base (EAAB). The consolidation was effective July 1, 2010. The outstanding balance of the OAB was credited with funds from the Initial UAL fund, excluding the sub-account of this fund, and the Employer Credit Account. The OAB will be paid off in plan year 2028/2029. The EAAB was credited with funds from the Initial UAL sub-account, which were transferred from the Employee Experience Account on June 30, 2009. The EAAB will be paid off in plan year 2039/2040. Future payments for each of these bases will increase each plan year as follows:</p> <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th style="text-align: center;">Plan Year</th> <th style="text-align: center;">Original Amortization Base</th> <th style="text-align: center;">Experience Account Amortization Base</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">2013/2014</td> <td style="text-align: center;">7.0%</td> <td style="text-align: center;">7.0%</td> </tr> <tr> <td style="text-align: center;">2014/2015 – 2017/2018</td> <td style="text-align: center;">6.5%</td> <td style="text-align: center;">6.5%</td> </tr> <tr> <td style="text-align: center;">2018/2019 +</td> <td style="text-align: center;">2.0%</td> <td style="text-align: center;">Level Payments</td> </tr> </tbody> </table>	Plan Year	Original Amortization Base	Experience Account Amortization Base	2013/2014	7.0%	7.0%	2014/2015 – 2017/2018	6.5%	6.5%	2018/2019 +	2.0%	Level Payments
Plan Year	Original Amortization Base	Experience Account Amortization Base											
2013/2014	7.0%	7.0%											
2014/2015 – 2017/2018	6.5%	6.5%											
2018/2019 +	2.0%	Level Payments											
Amortization approach	Closed												
Remaining amortization period	Dependent upon the amortization method as described above												
Asset valuation method	Assets are valued on a basis which adjusts the market value of assets to gradually recognize investment gains and losses relative to the net-assumed investment return over a 5-year period in 20% increments. This value is subject to Corridor Limits of 80% to 120% of the market value of assets.												
Actuarial assumptions Investment rate of return Inflation rate Projected salary increases Cost-of-living adjustments Mortality Termination and disability	<p>8.00% net of investment and administrative expenses and net of expected gains to be transferred to the Experience Account to fund potential cost-of-living adjustments</p> <p>2.5% per annum</p> <p>3.50% - 10.0% varies depending on duration of service</p> <p>None</p> <p>Mortality rates were projected based on the RP-2000 Mortality Table with projection to 2025 using Scale AA</p> <p>Termination, disability, and retirement assumptions were projected based on a five year (2008-2012) experience study of the System's members</p>												

4. Eligibility

The System consists of three membership plans that require mandatory enrollment for all employees who meet the following eligibility requirements

- **TRSL Regular Plan** — employees that meet the legal definition of a “teacher” in accordance with Louisiana Revised Statutes 11 701(33)(a)
- **TRSL Plan A** — employees paid with school food service funds in which the parish has withdrawn from Social Security coverage
- **TRSL Plan B** — employees paid with school food service funds in which the parish has not withdrawn from Social Security coverage

These three membership plans are considered one pension plan for financial reporting purposes. All assets accumulated for the payment of benefits may legally be used to pay benefits to any of the plan members or beneficiaries. TRSL provides retirement, disability, and survivor benefits. Plan members become vested after five years of credited service. Members applying for disability retirement must be in active service at the time of filing the application. The formula for annual maximum retirement benefits is 2 or 2.5 percent (Regular Plan), 1 or 3 percent (Plan A), or 2 percent (Plan B) of final average salary for each year of credited service. Final average salary is based upon the member's highest successive 36 months of salary (or 60 months of salary, for members on or after January 1, 2011). Benefits are paid monthly for life. If a member leaves covered employment prior to vesting or dies prior to establishing eligibility for survivor benefits, accumulated member contributions are refunded.

In 1989, the Legislature established an Optional Retirement Plan (ORP) for academic employees of public institutions of higher education who are eligible for membership in TRSL. This plan was designed to provide certain academic and unclassified employees of public institutions of higher education an optional method of funding for their retirement.

The ORP is a defined contribution pension plan which provides for portability of assets and full and immediate vesting of all contributions submitted on behalf of the affected employees to the approved providers. These providers are selected by the TRSL Board of Trustees. Monthly employer and employee contributions are invested as directed by the employee to provide the employee with future retirement benefits. The amount of these benefits is entirely dependent upon the total contributions and investment returns accumulated during the employee's working lifetime.

Employees in eligible positions of higher education can make an irrevocable election to participate in the ORP rather than TRSL and purchase annuity contracts—fixed, variable, or both—for benefits payable at retirement. Louisiana Revised Statutes 11 921 through 11 931 required the Board of Trustees of TRSL to implement the ORP no later than March 1, 1990, and the public institutions of higher education to implement their ORP on July 1, 1990. The 1995 legislative session amended the ORP to allow ORP participants who assume positions other than as employees of a public institution of higher education covered by TRSL to continue to participate in the ORP. The number of participating employers is currently 122.

In accordance with Louisiana Revised Statutes 11 927(B), the System retains 18.702 percent of the 24.50 percent ORP employer contributions for K-12 employers and the System retains 18.715 percent of the 24.40 percent ORP employer contributions for higher education employers. The amount transferred to the carriers is the employer portion of the normal cost contribution that has been approved by the Public Retirement Systems' Actuarial Committee for FY 2013, which is 5.798 percent for K-12 employers and 5.685 percent for higher education employers.

Member contributions of 8 percent are transferred to the carriers in their entirety less 0.05 percent, which has been established by the Board of Trustees to cover the cost of administration and maintenance of the ORP. The administrative fee may be adjusted by the Board should the cost of administering the plan change in the future.

At June 30, 2013, and 2012, employees joining ORP consisted of:	2013	2012
Members of TRSL joining ORP	74	44
New employees joining ORP	<u>661</u>	<u>532</u>
	<u>735</u>	<u>576</u>
Total actively contributing members	6,441	7,301
At June 30, 2013, and 2012, the amounts transferred to ORP were:	2013	2012
Amounts previously held in TRSL reserves	\$ 301,390	\$ 308,918
Contributions	<u>81,260,677</u>	<u>84,121,634</u>
Total	<u>\$ 81,562,067</u>	<u>\$ 84,430,552</u>
At June 30, 2013, and 2012, member and employer contribution rates were:	2013	2012
Member		
Member contribution rate (applicable for ORP transfers)	7.950%	7.950%
Member contribution rate (administrative fee – TRSL)	<u>0.050%</u>	<u>0.050%</u>
	<u>8.000%</u>	<u>8.000%</u>
Employer		
Employer contribution rate (normal cost is applicable for ORP transfers)– K12	5.798%	5.970%
Employer contribution rate (normal cost is applicable for ORP transfers)– Higher Ed	<u>5.685%</u>	<u>5.970%</u>
Unfunded rate (retained by TRSL) – K12	<u>18.702%</u>	<u>17.730%</u>
Unfunded rate (retained by TRSL) – Higher Ed	<u>18.715%</u>	<u>17.730%</u>
K-12	<u>24.500%</u>	<u>23.700%</u>
Higher Ed	<u>24.400%</u>	<u>23.700%</u>

The Deferred Retirement Option Plan (DROP) was implemented on July 1, 1992, with the passage of Louisiana Revised Statutes 11:786 by the Legislature. When a member enters the DROP, his status changes from active member to retiree, even though he continues to work at his regular job and draws his regular salary. In the original DROP, participation in the program could not exceed two years, however, the DROP was modified on January 1, 1994, to allow for a three-year period of participation. During the DROP participation period, the retiree's retirement benefits are paid into a special account. The election is irrevocable once participation begins. For members eligible to enter the DROP prior to January 1, 2004, interest will be earned at a rate equal to the actuarial realized rate of return on the System's portfolio for that plan year as certified by the System actuary in his actuarial report, less one-half of one percent after participation ends.

For members eligible to enter the DROP on or after January 1, 2004, interest will be earned at the liquid asset money market rate, less one quarter of one percent administrative fee. Interest is posted monthly to the accounts and will be based on the balance in the account for that month. At the time of retirement, the member must choose among available alternatives for the distribution of benefits which have accumulated in the DROP account.

Effective January 1, 1996, the Legislature authorized TRSL to establish an Initial Lump-Sum Benefit (ILSB) program. ILSB is available to members who have not participated in the DROP and who select the maximum benefit, option 2 benefit, option 3 benefit, or option 4 benefit. The ILSB program provides both a one-time, single sum payment of up to 36 months of the maximum regular monthly retirement benefit and a reduced monthly retirement benefit for life. Interest credited and payments from the ILSB account are made in accordance with Louisiana Revised Statutes 11:789(A)(1).

Deferred Retirement Option Plan (DROP)			
<i>For members who became eligible to participate before January 1, 2004</i>			
	2013	2012	% Increase (Decrease)
DROP			
Members entering DROP	0	0	
Disbursements	\$ 65,160,513	\$ 75,088,412	(13.22%)
DROP Reserves at June 30	\$ 540,403,302	\$ 577,717,074	(6.46%)
ILSB			
Members choosing ILSB	0	0	
Disbursements	\$ 633,111	\$ 773,332	(18.13%)
ILSB Reserves at June 30	\$ 4,912,828	\$ 5,285,104	(7.05%)

Deferred Retirement Option Plan (DROP)/Initial Lump-Sum Benefit (ILSB)			
<i>For members who became eligible to participate on or after January 1, 2004</i>			
	2013	2012	% Increase (Decrease)
DROP			
Members entering DROP	1,221	1,019	19.82%
Disbursements	\$ 119,656,577	\$ 95,955,884	24.70%
DROP Reserves at June 30	\$ 528,912,218	\$ 543,982,396	(2.77%)
ILSB			
Members choosing ILSB	136	79	72.15%
Disbursements	\$ 7,234,581	\$ 4,187,889	72.75%
ILSB Reserves at June 30	\$ 1,682,978	\$ 1,092,869	54.00%

DROP/ILSB Account Interest Rates		
Fiscal Year Ending June 30	Interest Rate	
	<i>For members who became eligible to participate before January 1, 2004</i>	<i>For members who became eligible to participate on or after January 1, 2004</i>
2006	15 15%	3 7200%
2007	14 70%	4 8800%
2008	4 65%	3 9800%
2009	0 00%*	1 3200%
2010	0 00%*	0100%
2011	5 94%	0050%
2012	4 55%	0001%
2013	12 91% **	0000%

*An attorney general opinion in 2002 ruled that DROP/ILSB accounts could not be debited. If not for this ruling, DROP/ILSB account interest rates would have been reduced by -1.39% for 2010 and -12.81% for 2009.

** Upon Public Retirement Systems' Actuarial Committee (PR SAC) approval of fiscal year valuation.

Louisiana Revised Statute 11:945 established the Excess Benefit Plan as a separate, unfunded, nonqualified plan under the provisions set forth in Louisiana Revised Statutes 11:946, and also as a qualified governmental excess benefit arrangement as defined in Section 415(m)(3) of the United States Internal Revenue Code.

Effective July 1, 1999, an excess benefit participant who is receiving a benefit from this System is entitled to a monthly benefit under this plan in an amount equal to the lesser of either the participant's unrestricted benefit as defined in Louisiana Revised Statute 11:701, less the maximum benefit, or the amount by which the participant's monthly benefit from this System has been reduced by the limitations of Louisiana Revised Statute 11:784.1. A benefit payable under

this plan is paid in the form and at the time it would have been paid as a monthly pension except for the limitations under Louisiana Revised Statute 11 784 1 and Section 415 of the United States Internal Revenue Code

Contributions may not be accumulated under the Excess Benefit Plan to pay future retirement benefits. Instead, monthly contributions made by the employer are reduced by the amount necessary to pay that month's excess retirement benefits. Employer contributions made to fund the Excess Benefit Plan are not commingled with the monies of the pension plan or any other qualified plan. Also, the Excess Benefit Plan may never receive a transfer of assets from the pension plan.

Excess Benefit Plan			
	2013	2012	% Increase (Decrease)
Number of Excess Benefit Recipients	45	42	7.14%
Total Benefits	\$1,034,158	\$891,237	16.04%

B. Summary of Significant Accounting Policies and Plan Asset Matters

1. Reporting Entity

TRSL (the "System") is a component unit of the State of Louisiana. A 17-member Board of Trustees (composed of 10 active members, two retired members, and five ex officio members) governs TRSL. The Board of Trustees appoints the director, who is the System's managing officer.

2. Basis of Accounting

TRSL's financial statements are prepared in conformity with accounting principles generally accepted in the United States of America using the accrual basis of accounting. Revenues are recognized in the accounting period in which they are earned, and expenses are recognized in the period incurred. Member and employer contributions are recognized when due, pursuant to formal commitments as well as statutory or contractual requirements. Purchases and sales of securities are reflected on the trade date. Dividend income is recorded on the ex-dividend date. Interest income is recorded as earned on the accrual basis. State General Fund appropriations for supplemental benefits are recognized when drawn from the State Treasury.

Administrative costs are funded through investment earnings and are subject to budgetary control by the Board of Trustees and approval of the Joint Legislative Committee on the Budget. Benefits and refunds are recognized when due and payable in accordance with the terms of the System.

3. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of additions to and deductions from plan net assets during the reporting period. Actual results could differ from those estimates. The System utilizes various investment instruments, which, by nature, are exposed to a variety of risk levels and risk types, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term, and such changes could materially affect the amounts reported in the Statements of Net Position.

4. Method Used to Value Investments

Investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Fair value is the market value on the last business day of the fiscal year. Securities traded on a national or international exchange are valued at the last reported sales price at the current exchange rate. Securities purchased pursuant to agreements to resell are carried at the contract price, exclusive of interest, at which the securities will be sold. Corporate bonds are valued based on yields currently available on comparable securities from issuers of similar credit ratings. Mortgage securities are valued on the basis of estimated future principal and interest payments, and are discounted at prevailing interest rates for similar instruments. The fair value of real estate investments is based on independent appraisals. Investments that do not have an established market are reported at estimated fair value as determined by the custodian under the direction of trustees.

5. Property and Equipment

Land, building, equipment, and furniture are carried at historical cost. Depreciation for the building is computed using the straight-line method based upon a useful life of 40 years. Depreciation for office equipment and furniture with a purchase price of at least \$1,000 is computed using the straight-line method based upon a useful life of three to 10 years. Items with a purchase price of less than \$1,000 and more than \$250 are computed using the straight-line method with a useful life of three years. Items with a purchase price of less than \$250 are expensed in the current year. TRSL and LASERS share a 50/50 joint ownership of the Louisiana Retirement Systems building, equipment, and related land.

Changes In Property and Equipment				
	June 30, 2012	Additions	Deletions	June 30, 2013
Asset Class (at Cost)				
Land	\$ 858,390	\$ 0	\$ 0	\$ 858,390
Building	5,951,901	8,358	0	5,960,259
Equipment, furniture, fixtures	<u>4,786,377</u>	<u>247,968</u>	<u>(246,920)</u>	<u>4,787,425</u>
Total Property and Equipment	<u>11,596,668</u>	<u>256,326</u>	<u>(246,920)</u>	<u>11,606,074</u>
Accumulated Depreciation				
Building	(3,198,545)	(190,754)	0	(3,389,299)
Equipment, furniture, fixtures	<u>(4,249,430)</u>	<u>(186,396)</u>	<u>246,920</u>	<u>(4,188,906)</u>
Total Accumulated Depreciation	<u>(7,447,975)</u>	<u>(377,150)</u>	<u>246,920</u>	<u>(7,578,205)</u>
Total Property and Equipment — Net	<u>\$ 4,148,693</u>	<u>\$ (120,824)</u>	<u>\$ 0</u>	<u>\$ 4,027,869</u>

Changes In Property and Equipment				
	June 30, 2011	Additions	Deletions	June 30, 2012
Asset Class (at Cost)				
Land	\$ 858,390	\$ 0	\$ 0	\$ 858,390
Building	5,895,957	55,944	0	5,951,901
Equipment, furniture, fixtures	<u>4,703,438</u>	<u>234,259</u>	<u>(151,320)</u>	<u>4,786,377</u>
Total Property and Equipment	<u>11,457,785</u>	<u>290,203</u>	<u>(151,320)</u>	<u>11,596,668</u>
Accumulated Depreciation				
Building	(3,004,787)	(193,758)	0	(3,198,545)
Equipment, furniture, fixtures	<u>(4,154,217)</u>	<u>(246,533)</u>	<u>151,320</u>	<u>(4,249,430)</u>
Total Accumulated Depreciation	<u>(7,159,004)</u>	<u>(440,291)</u>	<u>151,320</u>	<u>(7,447,975)</u>
Total Property and Equipment — Net	<u>\$ 4,298,781</u>	<u>\$ (150,088)</u>	<u>\$ 0</u>	<u>\$ 4,148,693</u>

6. Budgetary Accounting

Self-generated revenues are budgeted for administrative expenses. Funding from the Department of Education and Louisiana State University is received for the purpose of paying supplementary benefits to retirees. The budgetary information for the years ended June 30, 2013, and 2012, includes the original Board of Trustees approved budget and funds from the Department of Education and Louisiana State University.

Original budget and supplementary benefits funding	Department of Education	Louisiana State University (LSU)	Self Generated Funds	Total
2013	\$ 43,375	\$ 2,059,554	\$ 55,039,000	\$ 57,141,929
2012	\$ 41,000	\$ 1,903,781	\$ 53,808,000	\$ 55,752,781

TRSL received \$43,375 from the Louisiana Department of Education to fund supplemental retirement benefits for approximately 300 retirees. TRSL also received \$2,059,554 from Louisiana State University to fund supplemental retirement benefits for university employees holding membership in the United States Civil Service Retirement System. These payments are reported as employer contributions.

7. Accumulated Leave

The employees of the System accumulate annual and sick leave at varying rates as established by state regulations. Upon resignation or retirement, unused annual leave of up to 300 hours is paid to employees at the employees' current rate of pay. The liability for accrued annual leave of up to 300 hours is included in Other Liabilities. Upon retirement, unused annual leave in excess of 300 hours and sick leave may be converted to service credit subject to restrictions of the retirement system to which the employee belongs.

8. Reclassifications

Certain prior year amounts have been reclassified to conform to current year presentation. These reclassifications had no effect on net assets held in trust for pension benefits or the net increase in net position.

C. Member Contributions and Employer Contributions

The Public Retirement Systems' Actuarial Committee (PRSAC) met March 7, 2012 and adopted the Fiscal Year 2011-2012 TRSL actuarial valuation report, which included employer contribution rates for all TRSL sub-plans for Fiscal Year 2013-2014.

Act 716 of 2012 established TRSL sub-plans for which employer contribution rates must be individually calculated. FY 2012-2013 employer contributions at the established rates below began July 1, 2012.

TRSL Contribution Rates for FY 2013				
	Employee Normal Cost Rate	Employer		
		Normal Cost Rate	Shared UAL Rate	Total Contribution Rate
Regular Plan (K-12 Teachers)	8.0%	5.8%	18.7%	24.5%
Regular Plan (Higher Ed)	8.0%	5.7%	18.7%	24.4%
Lunch Plan A	9.1%	11.3%	18.7%	30.0%
Lunch Plan B	5.0%	7.9%	18.7%	26.6%

- For Fiscal Year 2012, the Employee contribution rate was 8% for TRSL Regular Plan, 9.1% for TRSL Plan A and 5% for TRSL Plan B.
- For Fiscal Year 2012, the Employer contribution rate was 23.7% for TRSL Regular Plan, TRSL Plan A and TRSL Plan B.
- For Fiscal Year 2011, the Employee contribution rate was 8% for TRSL Regular Plan, 9.1% for TRSL Plan A and 5% for TRSL Plan B.
- For Fiscal Year 2011, the Employer contribution rate was 20.2% for TRSL Regular Plan, TRSL Plan A and TRSL Plan B.

Employer contributions are collected from employing agencies throughout the state and from proceeds of taxes collected in the parishes and remitted by the sheriffs' offices of the respective parishes.

D. Teachers' Retirement System of Louisiana (TRSL) Employee Pension Benefit

1. Cost Sharing Multiple-Employer Defined Benefit Plan

The administration and staff at TRSL are required to participate in the pension plan if they are not already participating in the Louisiana State Employees' Retirement System (LASERS) pension plan or Louisiana School Employees' Retirement System (LSERS) pension plan. TRSL is a cost sharing, multiple-employer, defined benefit plan administered by TRSL. TRSL provides retirement and disability benefits, cost-of-living adjustments, and death benefits to plan members and beneficiaries.

Funding Policy. Plan members participating in the TRSL Regular Plan are required to contribute 8.0 percent of their annual covered salary, and TRSL is required to contribute 100 percent of the actuarially determined rate. The TRSL rate for Fiscal Year 2013 is 24.5 percent. The contribution requirements of plan members and TRSL are established and may be amended by the TRSL Board of Trustees.

TRSL Administration & Staff Contributions	
2013	\$ 997,558
2012	949,471
2011	842,208

All full-time TRSL employees who do not participate in TRSL participate in LASERS or LSERS. LSERS is a cost sharing, multiple-employer, defined benefit plan administered by the Louisiana School Employees' Retirement System. LSERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to members and beneficiaries. LSERS was established and provided for within Title 11, Chapter 3 of the Louisiana Revised Statutes (LRS). LSERS issues a financial analysis summary available to the public. The report can be obtained by writing to Louisiana School Employees' Retirement System, P.O. Box 44516, Baton Rouge, Louisiana 70804, or by calling 1-800-526-3718 or visiting www.lasers.net/lasers/.

Funding Policy. Plan members participating in LSERS are required by state statute to contribute 7.5 percent of their gross salary if hired before July 1, 2010, and 8.0 percent if hired on or after July 1, 2010, and TRSL is required to contribute 100 percent of the actuarially determined rate. The LSERS rate for the fiscal year 2013 is 30.80 percent. The contribution requirements of plan members and LSERS are established and may be amended by the LSERS Board of Trustees.

Contributions Paid by TRSL for Staff Participating in LSERS	
2013	\$ 0
2012	0
2011	665

2. Single Employer Defined Benefit Pension Plan

All full-time TRSL employees who do not participate in TRSL participate in LASERS or LSERS. LASERS is a single employer, defined benefit pension plan administered by the Louisiana State Employees' Retirement System. LASERS provides retirement, disability, and death benefits to plan members and beneficiaries.

Cost-of-living adjustments are provided to members and beneficiaries at the discretion of the Louisiana Legislature. LASERS was established and provided for within Title 11, Chapter 1 of the Louisiana Revised Statutes. LASERS issues a financial report that includes financial statements and required supplementary information. The report is available to the public and can be obtained by writing to Louisiana State Employees' Retirement System, P.O. Box 44213, Baton Rouge, Louisiana 70904-4213, or by calling 1-800-256-3000 or visiting www.lasersonline.org.

Funding Policy. Plan members participating in LASERS are required by state statute to contribute 7.5 percent of their gross salary to the pension plan if hired before July 1, 2006, and 8.0 percent if hired on or after July 1, 2006. TRSL is required to contribute 100 percent of the actuarially determined rate. The LASERS rate for fiscal year 2013 is 29.1 percent. The contribution requirements of plan members and LASERS are established and may be amended by the LASERS' Board of Trustees.

Contributions Paid by TRSL for Staff Participating in LASERS	
2013	\$ 1,223,771
2012	1,115,177
2011	979,627

Schedules for LASERS can be found on page 41.

Most Recent Actuarial Methods and Assumptions for Louisiana State Employees' Retirement System (LASERS)			
Valuation Date	06/30/2012	06/30/2011	06/30/2010
Actuarial Cost Method	Projected unit credit	Projected unit credit	Projected unit credit
Amortization Method	For unfunded accrued liability resulting from benefit increases occurring on or after June 30, 2007 Level dollar payment over 10 years	For unfunded accrued liability resulting from benefit increases occurring on or after June 30, 2007 Level dollar payment over 10 years	For unfunded accrued liability resulting from benefit increases occurring on or after June 30, 2007 Level dollar payment over 10 years
	All unfunded accrued liability changes occurring prior to 2009, except benefit increases in 2007 and 2008 were re-amortized into two schedules as of June 30, 2010 Payment schedules increase in a prescribed variable manner until 2018, then will either increase until paid off in 2029, or remain level until paid off in 2040, depending on the schedule, as required by statute	All unfunded accrued liability changes occurring prior to 2009, except benefit increases in 2007 and 2008 were re-amortized into two schedules as of June 30, 2010 Payment schedules increase in a prescribed variable manner until 2018, then will either increase until paid off in 2029, or remain level until paid off in 2040, depending on the schedule, as required by statute	All unfunded accrued liability changes occurring prior to 2009, except benefit increases in 2007 and 2008 were re-amortized into two schedules as of June 30, 2010 Payment schedules increase in a prescribed variable manner until 2018, then will either increase until paid off in 2029, or remain level until paid off in 2040, depending on the schedule, as required by statute
	For unfunded accrued liability changes occurring 2009 or later Level dollar payment over 30 years, from date of occurrence	For unfunded accrued liability changes occurring 2009 or later Level dollar payment over 30 years, from date of occurrence	For unfunded accrued liability changes occurring 2009 or later Level dollar payment over 30 years, from date of occurrence
Amortization Approach	Closed	Closed	Closed
Remaining Amortization Period	Weighted average of 21 years	Up to 30 years, dependent upon the amortization method as described above	Up to 30 years, dependent upon the amortization method as described above
Asset Valuation Method	Utilizes a four-year weighted average of the unrealized gain or loss in the value of all assets at market	Utilizes a four-year weighted average of the unrealized gain or loss in the value of all assets at market	Utilizes a four-year weighted average of the unrealized gain or loss in the value of all assets at market
Actuarial Assumptions			
Investment Rate of Return	8.25% per annum	8.25% per annum	8.25% per annum
Inflation Rate	3.0% per annum	3.0% per annum	3.0% per annum
Mortality	Mortality rates were projected based on the RP-2000 Mortality Table	Mortality rates were projected based on the RP-2000 Mortality Table	Mortality rates were projected based on the RP-2000 Mortality Table
Termination, Disability, and Retirement	Termination, disability, and retirement assumptions were projected based on a five year (2003-2008) experience study of the System's members	Termination, disability, and retirement assumptions were projected based on a five year (2003-2008) experience study of the System's members	Termination, disability, and retirement assumptions were projected based on a five year (2003-2008) experience study of the System's members
Salary Increases	Salary increases were projected based on a 2003-2008 experience study of the System's members. The salary increase ranges for specific types of members are regular employees 4.3%-14.0%, Judges 3.0%-5.5%, Corrections 4.0%-15.0%, and Wildlife 6.0%-17.0%	Salary increases were projected based on a 2003-2008 experience study of the System's members. The salary increase ranges for specific types of members are regular employees 4.3%-14.0%, Judges 3.0%-5.5%, Corrections 4.0%-15.0%, and Wildlife 6.0%-17.0%	Salary increases were projected based on a 2003-2008 experience study of the System's members. The salary increase ranges for specific types of members are regular employees 4.3%-14.0%, Judges 3.0%-5.5%, Corrections 4.0%-15.0%, and Wildlife 6.0%-17.0%
Cost-of-Living Adjustments	Liability for raises already granted is included in the retiree reserve	Liability for raises already granted is included in the retiree reserve	Liability for raises already granted is included in the retiree reserve

Most Recent Schedule of Employer Contributions for Louisiana State Employees' Retirement System (LASERS)

Date	Actuarial Required Contribution	Actual Contribution	Percent Contributed
2007	\$ 434,796,738	\$ 417,059,370	95.9%
2008	\$ 456,741,202	\$ 526,484,759	115.3%
2009	\$ 492,402,961	\$ 487,353,901	99.0%
2010	\$ 585,268,922	\$ 491,237,641	83.9%
2011	\$ 678,123,319	\$ 558,183,107	82.3%
2012	\$ 713,971,279	\$ 637,285,920	89.3%

Analysis of the percentage contributed over a period of years will give a relative indication of the funding progress for the liabilities of the Louisiana State Employees' Retirement System

Most Recent Schedule of Funding Progress for Louisiana State Employees' Retirement System (LASERS)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
2008	\$ 9,167,170	\$ 13,562,214	\$ 4,395,044	67.6%	\$ 2,436,956	180.3%
2009	8,499,662	13,996,847	5,497,185	60.7%	2,562,578	214.5%
2010	8,512,403	14,764,015	6,251,612	57.7%	2,546,457	245.5%
2011	8,763,101	15,221,055	6,457,954	57.6%	2,408,840	268.1%
2012	9,026,416	16,157,898	7,131,482	55.9%	2,341,703	304.5%

The total actuarial accrued liability determined using the Projected Unit Credit cost method increased by \$936,842,518 from June 30, 2011, to June 30, 2012. There was an investment loss of \$254,603,759, an experience loss from sources other than investments of \$18,140,119, and an increase in liabilities of \$357,645,630 due to a change in valuation rate. (Dollars in above schedule are presented in thousands.)

3. Defined Contribution Plan

Staff of TRSL who are members of the Optional Retirement Plan (ORP) before becoming employees of TRSL must remain participants in the ORP. The ORP is a defined contribution plan administered by TRSL. The ORP was created by Louisiana Revised Statute 11:921 and implemented on July 1, 1990. This plan was designed to provide certain academic and unclassified employees of public institutions of higher education an optional method of funding for their retirement. The ORP provides for portability of assets and full and immediate vesting of all contributions submitted on behalf of the participating employees to approved providers.

Funding Policy: ORP participants contribute eight percent of salary (less a 0.05 percent TRSL administrative fee). Employers contribute the equivalent of the defined benefit normal cost, which changes annually. These combined contributions (the member rate and the employer normal cost) are transferred to the ORP carrier selected by the employee. The employer normal cost rate for FY 2012-13* ORP account contributions is as follows:

- **For participants at higher ed institutions**, the employer normal cost rate is 5.685%
- **For participants at K-12 employers**, the employer normal cost rate is 5.798%

*Act 716 of the 2012 legislative session called for the calculation of individualized employer contribution rates for K-12 ORP employers and higher ed ORP employers (effective FY 2012-13 and thereafter)

Contributions Paid by TRSL for Staff Participating in ORP	
2013	\$ 16,551
2012	14,677
2011	12,942

E. Deposits and Investment Risk Disclosures

1. Cash and Cash Equivalents

Cash and cash equivalents include cash deposited in banks and short-term repurchase agreements. Cash is insured by the Federal Deposit Insurance Corporation up to \$250,000 for interest bearing accounts, and the excess is collateralized by the pledge of government securities held by the agents in the entity's name.

2. Custodial Credit Risk

Custodial credit risk for deposits is the risk that in the event of a bank failure, the System's deposits may not be returned to them. For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the pension trust fund will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the system, and are held by either a counterparty or by the counterparty's trust department or agent but not in the System's name. Assets held by financial institutions in their capacity as trustee or custodian are not considered to be assets of that institution as a corporate entity for insolvency purposes. These assets are segregated from the corporate assets of the financial institution and are accounted for separately on the institution's general ledger. As a result of this segregation, assets held in a custodial capacity should not be affected if the custodial institution were placed into receivership by its regulators. Investments in external investment pools and in open-end mutual funds are not exposed to custodial credit risks because their existence is not evidenced by securities that exist in physical or book entry form. TRSL had no custodial credit risk as of June 30, 2013.

3. Investments

Louisiana Revised Statute 11:263 authorized the Board of Trustees to invest under the "Prudent-Man" Rule. The "Prudent-Man" Rule establishes a standard that a fiduciary shall exercise the judgment and care under the circumstances, then prevailing, which an institutional investor of ordinary prudence, discretion, and intelligence exercises in the management of large investments entrusted to it, not in regard to speculation but in regard to the permanent disposition of funds considering probable safety of capital as well as probable income.

In accordance with Louisiana Revised Statutes 11:267, the System may invest up to 65 percent of its total assets in equities provided that the System invests an amount equal to at least 10 percent of total stock in equity indexing. The index portfolio(s) shall be invested in indices that seek either to replicate or to enhance a particular index. The index portfolio(s) may be invested in a variety of equity capitalization ranges and could be invested in either domestic or international equity.

The System has no investments of any single organization (other than those issued or guaranteed by the U S Government) that represent five percent or more of the System's net plan assets, nor does the System hold more than five percent of any corporation's stock In addition, the Board of Trustees has adopted certain investment policies, objectives, rules and guidelines that are intended to protect the System's assets in real terms such that assets are preserved to provide benefits to participants and their beneficiaries, achieve investment returns sufficient to meet the actuarial assumption necessary to improve the future soundness of the System, and maximize the total rate of return on investments within prudent parameters of risk for a retirement system of similar size and type

The Board of Trustees' desired investment objective is a long-term compound rate of return on the System's assets and is the greater of

- 3 9% above the CPI-U seasonally adjusted, or
- the actuarial rate 8 0 for FY 2013

The System expects the domestic and international securities investment managers to maintain diversified portfolios by sector and by issuer using the following guidelines

Domestic Equity Managers

The following guidelines shall apply to the domestic equity investment managers

- Common stock securities, including ADRs, shall be marketable securities listed or traded on a national securities exchange ADR securities may be traded over the counter U S stocks must be registered with the Securities and Exchange Commission
- The use of Exchange Traded Funds (ETFs) and derivatives (such as options, warrants, and futures) to establish unleveraged long positions in equity markets are permissible Convertible securities shall be considered as part of the equity portfolio
- Equity holdings in a single company (including common stock and convertible securities) should not exceed 10 percent of the manager's portfolio measured at market value without prior Board approval
- A minimum of 25 individual stocks should be held in the portfolio at all times
- Equity holdings should represent at least 95 percent of the portfolio at all times It is highly desirable for equity portfolios to remain as fully invested as practical
- Equity holdings in any one GIC sector (as defined by the Standard & Poors Global Industry Classification Standard) should not exceed 50 percent
- Short-term fixed income holdings or money market securities shall be readily liquid securities and be of high quality typically rated at least A-1, P-1, or of equivalent quality
- For an indexed equity portfolio, the investment manager may utilize either a full replication approach or sampling techniques to create a portfolio with portfolio characteristics similar to the benchmark, while not investing in all stocks in the benchmark Also, an index manager may use options and futures in attempting to track the benchmark, but not in a manner which leverages the portfolio
- Equity managers (growth or value) hired for the small cap investment category are expected to maintain the capitalization of the portfolio within the small capitalization region with similar characteristics versus the benchmark
- Equity managers (growth or value) hired for the mid cap investment category are expected to maintain the capitalization of the portfolio within the mid capitalization region with similar characteristics versus the benchmark
- Equity managers (growth or value) hired in the small/mid (SMID) cap investment category are expected to maintain the capitalization of the portfolio within the smid capitalization region with similar characteristics versus the benchmark

Developed International Equity Managers

The following guidelines shall apply to the developed international equity investment managers

- Marketable common stocks, preferred stocks convertible into common stocks, and fixed income securities convertible into common stocks are permissible equity investments
- The use of Exchange Traded Funds (ETFs) and derivatives (such as options, warrants, and futures) to establish unleveraged long positions in equity markets are permissible
- Equity holdings in a single company (including common stock and convertible securities) should not exceed 10 percent of the manager's portfolio measured at market value without prior Board approval
- A minimum of 25 individual stocks should be held in the portfolio at all times
- Equity holdings should represent at least 95 percent of the portfolio at all times It is highly desirable for equity portfolios to remain as fully invested as practical
- Equity holdings in any one country should not exceed 40 percent without prior Board approval

- Short-term fixed income holdings or money market securities shall be readily liquid securities and be of high quality typically rated at least A-1, P-1, or of equivalent quality
- For an indexed equity portfolio, the investment manager may utilize either a full replication approach or sampling techniques to create a portfolio with portfolio characteristics similar to the mandate's benchmark, while not investing in all stocks in the benchmark Also, an index manager may use options and futures in attempting to track the benchmark, but not in a manner which leverages the portfolio
- For investment manager(s) benchmarked to the MSCI All Country World Index ex U S , the portfolio should not exceed 40 percent in emerging market equities without prior Board approval
- For investment manager(s) benchmarked to the MSCI EAFE Index, the portfolio should not exceed 20 percent in emerging market equities without prior Board approval
- Currency hedging decisions are at the discretion of the investment manager

Investment Grade Core Fixed Income Investment Managers

The following guidelines shall apply to the investment grade core fixed income investment managers

- The fixed income securities should be invested in investment grade rated U S dollar denominated fixed income securities and cash equivalents, including but not limited to U S Treasuries and Agencies, pass-through mortgages, Collateralized Mortgage Obligations (CMOs), corporates, municipals, asset-backed, Commercial Mortgage Backed Securities (CMBS), and inflation-linked securities Investment grade bonds are those in the four highest rating categories, as rated by Moody's Investor Service, Standard & Poor's Corporation, or Fitch TBA securities issued by Federal Agency and mortgage dollar rolls may be used Securities convertible into common stocks are prohibited Securities that are liquid and readily marketable are preferred Securities that have strong price volatility are not preferred
- The benchmark for performance evaluation is the Barclays Aggregate Index
- The duration of the fixed income portfolio should be targeted to that of the Barclays Aggregate Index The duration may range from ± 1.5 years of the duration of the Barclays Aggregate Index
- Fixed income holdings in a single company (excluding obligations of the United States Government and its agencies) should be limited to five percent of the manager's portfolio measured at market value
- Below investment grade fixed income securities are limited to five percent of the fixed income portfolio Split-rated securities will be considered as investment grade related securities Orderly liquidation should occur for securities that fall below investment grade ratings and are greater than five percent of the fixed income portfolio Such liquidation should occur within one year
- Fixed income securities of foreign (non-U S) entities denominated in U S dollars are limited to 20 percent of the manager's portfolio, measured at market value Securities denominated in currencies other than the U S dollar are not permissible
- Bond purchases should be limited to readily marketable securities Private placements are not permissible investments except, Rule 144(a) securities may be included in the portfolio up to 20 percent of the total portfolio value

Core Plus Fixed Income Investment Managers

The following guidelines shall apply to the core plus fixed income investment managers

- The fixed income securities can be invested in investment grade rated U S dollar denominated fixed income securities and cash equivalents, including but not limited to U S Treasuries and Agencies, pass-through mortgages, CMOs, corporates, municipals, asset-backed, CMBS, and inflation-linked securities Investment grade bonds are those in the four highest rating categories, as rated by Moody's Investor Service, Standard & Poor's Corporation, or Fitch TBA securities issued by Federal Agency and mortgage dollar rolls may be used Fixed income convertible securities may be used Securities that are liquid and readily marketable are preferred Securities that have strong price volatility are not preferred
- The benchmark for performance evaluation is the Barclays Aggregate Index
- The duration of the fixed income portfolio should be targeted to that of the Barclays Aggregate Index The duration may range from \pm two years of the duration of the Barclays Aggregate Index
- Fixed income holdings in a single company (excluding obligations of the United States Government and its agencies) should be limited to five percent of the manager's portfolio measured at market value
- Below investment grade fixed income securities are limited to 25 percent of the fixed income portfolio Below investment grade securities are defined as fixed income securities below the four highest rating categories (i.e., below BBB- or Baa3) Split-rated securities will be considered as investment grade related securities
- Fixed income securities of foreign (non-U S) entities are limited to 25 percent of the manager's portfolio, measured at market value Within the maximum limitation of the non-U S fixed income exposure, the total portfolio's investment in emerging markets is limited to 10 percent

- Bond purchases should be limited to readily marketable securities Private placements are not permissible investments except, Rule 144(a) securities may be included in the portfolio up to 20 percent of the total portfolio value
- Short-term holdings shall be readily liquid securities and be rated at least A-1, P-1, or of equivalent quality
- Fixed income core plus portfolios may invest in derivatives, including but not limited to futures, options, and swaps Derivatives, futures, options, and swaps may only be used for the following purposes
 - To adjust dollar-weighted duration and term structure of the portfolio
 - To protect against the downside on credit defaults
 - To dampen volatility
 - To create synthetic exposures not otherwise prohibited by these guidelines
 - To take advantage of periodic pricing anomalies
- Long futures and swaps contracts must be fully backed with cash or liquid holdings

Global Fixed Income Investment Managers

The following guidelines shall apply to the global fixed income investment managers

- The portfolio will be invested in marketable fixed income instruments, notes, and debentures issued by sovereign or corporate issuers, denominated in U S dollars and non-U S dollar currencies Securities permissible for investment include, but are not limited to U S Treasuries and Agencies, sovereign (non-U S) governments, sovereign agencies, pass-through mortgages, non-agency mortgages, CMOs, U S and non-U S corporates, municipals, asset-backed, CMBS, and inflation-linked securities
- It is anticipated that the portfolio will be invested in investment grade and below investment grade rated securities Investment grade bonds are those in the four highest rating categories, as rated by Moody's Investor Service, Standard & Poor's Corporation, or Fitch TBA securities issued by Federal Agency and mortgage dollar rolls may be used Fixed income convertible securities may be used Securities that are liquid and readily marketable are preferred
- The benchmark for performance evaluation is the Barclays Global Aggregate Index (unhedged)
- The duration of the fixed income portfolio may range from \pm four years of the duration of the Barclays Global Aggregate Index (unhedged)
- Fixed income holdings in a single company (defined as any one corporate bond issuer) should be limited to five percent of the manager's portfolio measured at market value
- Below investment grade fixed income securities are limited to 35 percent of the total fixed income portfolio Below investment grade securities are defined as fixed income securities rated below the four highest rating categories (i e , below BBB- or Baa3) Split-rated securities will be considered as investment grade related securities
- The portfolio's investment in emerging markets debt is limited to 35 percent Emerging Market Countries are defined as (i) included in the JP Morgan EMBI Global Index, the JP Morgan CEMBI Broad Index, or the JP Morgan GBI-EM Global Diversified Index or, (ii) classified by the World Bank as low or middle income in its annual classification of national incomes or, (iii) classified by the World Bank as high income in its annual classification of national income, but is not an Organization for Economic Co-operation and Development (OECD) member
- Bond purchases should be limited to readily marketable securities Private placements are not permissible investments, except Rule 144(a) securities may be included in the portfolio up to 20 percent of the total fixed income portfolio
- Short-term holdings (i e , less than one year in maturity) shall be readily liquid securities and be rated at least A-1, P-1, or of equivalent quality
- Currency decisions are at the discretion of the investment manager Non-dollar securities may be held on a currency hedged or un-hedged basis The portfolio may invest in currency exchange transactions on a spot or forward basis Both long and short currency exposures are permissible
- Global fixed income portfolios may invest in derivatives, including but not limited to futures, options, and swaps Derivatives, futures, options, and swaps may only be used for the following purposes
 - To adjust dollar-weighted duration and term structure of the portfolio
 - To protect against the downside on credit defaults
 - To dampen volatility
 - To create synthetic exposures not otherwise prohibited by these guidelines
 - To take advantage of periodic pricing anomalies
- Long futures and swaps contracts must be fully backed with cash or liquid holdings

High Yield Fixed Income Investment Manager(s)

The following guidelines shall apply to the high yield fixed income investment manager(s)

- The fixed income securities can be invested in below investment grade rated U S dollar denominated fixed income securities and cash equivalents, including but not limited to U S Treasuries and Agencies, corporates, municipals, asset-backed, bank loans, and convertible securities Below investment grade securities are defined as fixed income securities below Baa3 or BBB-, rated by Moody's Investor Service, Standard & Poor's Corporation, or Fitch
- The benchmark for performance evaluation is the Bank of America Merrill Lynch U S High Yield Master II Index
- Fixed income holdings in a single company (excluding obligations of the United States Government and its agencies) should be limited to five percent of the manager's portfolio measured at market value
- Below investment grade fixed income securities which are rated below B3 or B- by Moody's Investor Service, Standard & Poor's Corporation, or Fitch are limited to 15 percent
- Fixed income securities of foreign (non-U S) entities are limited to 15 percent of the manager's portfolio, measured at market value
- Investment manager should consider the liquidity and marketability of securities prior to investment Private placements are not permissible investments except, Rule 144(a) securities may be included in the portfolio up to 25 percent of the total portfolio value
- Short-term holdings (i e , less than one year in maturity) shall be readily liquid securities and be rated at least A-1, P-1, or of equivalent quality

Emerging Markets Debt Investment Manager(s)

The following guidelines shall apply to the emerging markets debt investment manager(s)

- The portfolio will be invested primarily in marketable fixed income instruments, notes, and debentures issued by emerging market sovereign or corporate issuers, denominated in U S dollars and non-U S dollar currencies Securities permissible for investment include, but are not limited to obligations of foreign governments (or their subdivisions or agencies), international agencies and supranational entities, and obligations of foreign corporations such as corporate bonds Securities that are liquid and readily marketable, at time of purchase, are preferred
- Emerging Market Countries are defined as (i) included in the JP Morgan EMBI Global Index, the JP Morgan CEMBI Broad Index, or the JP Morgan GBI-EM Global Diversified Index or, (ii) classified by the World Bank as low or middle income in its annual classification of national incomes or, (iii) classified by the World Bank as high income in its annual classification of national income, but is not an Organization for Economic Co-operation and Development (OECD) member
- The benchmark for performance evaluation is the JPMorgan GBI-EM Global Diversified Index
- The duration of the fixed income portfolio may range from \pm two years of the duration of the JPMorgan GBI-EM Global Diversified Index
- Fixed income holdings in a single company should be limited to three percent of the manager's portfolio measured at market value
- Below investment grade fixed income securities are limited to 40 percent of the fixed income portfolio Below investment grade securities are defined as fixed income securities below the four highest rating categories (i e , below BBB- or Baa3) Split-rated securities will be considered as investment grade related securities
- Rule 144(a) securities may be included in the portfolio up to 40 percent of the total portfolio value
- Short-term holdings (i e , less than one year in maturity) shall be readily liquid securities and be rated at least A-1, P-1, or of equivalent quality
- Currency decisions are at the discretion of the investment manager Non-dollar securities may be held on a currency hedged or un-hedged basis The portfolio may invest in currency exchange transactions on a spot or forward basis Both long and short currency exposures are permissible
- Emerging markets debt portfolio(s) may invest in derivatives, including but not limited to futures, options, and swaps Derivatives, futures, options, and swaps may only be used for the following purposes
 - To adjust dollar-weighted duration and term structure of the portfolio
 - To protect against the downside on credit defaults
 - To dampen volatility
 - To create synthetic exposures not otherwise prohibited by these guidelines
 - To take advantage of periodic pricing anomalies
- Long futures and swaps contracts must be fully backed with cash, cash equivalents, offsetting derivative contracts or other liquid holdings

Emerging Markets Equities Managers

The following guidelines shall apply to the emerging markets equities manager(s) with separate accounts. For emerging market equities manager(s) utilizing mutual funds or commingled funds, it is expected that the portfolio will generally, not necessarily, conform to these guidelines, but will fully comply with the prospectus and/or private placement memorandum.

- The benchmark for performance evaluation is the MSCI Emerging Markets Index (Net Dividends)
- Securities permissible for investment include, but are not limited to marketable common stocks, preferred stocks convertible into common stocks, fixed income securities convertible into common stocks, American Depositary Receipts (ADRs), and Global Depositary Receipts (GDRs) in emerging markets are permissible equity investments
- The use of Exchange Traded Funds (ETFs) and derivatives (such as options, warrants, and futures) to establish unleveraged long positions in emerging markets are permissible
- Equity holdings in a single company (including common stock and convertible securities) should not exceed 10 percent of the manager's portfolio measured at market value without prior Board approval
- A minimum of 25 individual stocks should be held in the portfolio at all times
- Equity holdings should represent at least 95 percent of the portfolio at all times. It is highly desirable for equity portfolios to remain as fully invested as practical
- Equity holdings in any one country should not exceed 40 percent without prior Board approval
- Short-term fixed income holdings or money market securities shall be readily liquid securities and be of high quality typically rated at least A-1, P-1, or of equivalent quality
- Currency hedging decisions are at the discretion of the investment manager

Alternative Assets Investment Managers

The following guidelines provide a general framework for selecting, building, and managing the System's investments in Private Equity, Venture Capital, Private Market Debt, Infrastructure and Commodities.

- The benchmarks for performance evaluation of the Alternative Asset classes net of all fees and expenses are as follows

Private Equity & Venture Capital:	Russell 3000 +300 basis points
Private Market Debt:	Merrill Lynch U S High Yield Master II +200 basis points
Commodities:	Dow Jones UBS Commodities Index
Infrastructure:	Consumer Price Index + 500 basis points
- The System will invest primarily in limited partnership interests of pooled vehicles including Funds, Co-Investments, Separate Accounts and Secondary Investments
- The maximum investment in any single partnership shall be no greater than one percent of the System's total assets at the time of commitment
- The System's commitment to any given partnership, for funds targeting \$500 million or less of total commitments, shall not exceed 20 percent of that partnership's total commitments. An exemption to this guideline may be granted for separate accounts, subject to prior Board approval
- The System's commitment to any given partnership, for funds targeting more than \$500 million of total commitments, shall not exceed 10 percent of that partnership's total commitments. An exemption to this guideline may be granted for separate accounts, subject to prior Board approval
- The System should diversify the sources of risk in the portfolio, specifically,
- No more than 15 percent of the Alternative Assets total exposure (costs plus unfunded commitments) may be attributable to partnerships by the same manager at the time the commitment is made
- The System shall diversify the portfolio across vintage years
- The System will be mindful of over-concentration to any one industry, investment strategy and/or geography. Should the Investment Manager deem the Portfolio to be overly concentrated to any industry, investment strategy or geography, the System shall attempt to reduce this exposure by limiting future commitments to partnerships focused on the over-concentrated segment
- The System shall use separate accounts to obtain below prevailing market rates on management fees or carried interest or to gain access to certain strategies which are difficult for the System to directly access (e.g., Venture Capital)
- The System shall seek Co-Investments only where the System is an existing limited partner
- The System should seek to obtain a limited partner advisory board seat for each partnership investment

Real Estate Investment Managers

The following sets forth guidelines that provide a general framework for selecting, building, and managing of the System's Real Estate portfolio. The System's underlying Real Estate investments shall be classified under two primary strategies: Core and Opportunistic.

- The benchmark for performance evaluation of the Real Estate strategies is as follows:
 - Core:** NCREIF Property Index +100 bps
 - Opportunistic:** NCREIF Property Index +400 bps
- The System will invest primarily in limited partnership interests of pooled vehicles including Funds, Co-Investments, Separate Accounts and Secondary Investments
- The System shall use separate accounts to obtain below prevailing market rates on management fees or carried interest

Core Real Estate

- The Investment Manager shall choose Core Real Estate Investments which, in aggregate, consist of a well-diversified portfolio of property types and geographies
- Core Real Estate shall include, but not be limited to the following property types: warehouses, industrial, apartments, offices, storage, land development, single family homes, parking garages, hotels and retail
- Core Real Estate investment funds shall target no more than 35 percent debt (leverage)

Opportunistic Real Estate

- The maximum investment in any single partnership shall be no greater than one percent of the System's total assets at the time of commitment
- The Investment Manager shall choose Opportunistic Real Estate investments which, in aggregate, consist of a well-diversified portfolio of property types, geographies and risk profiles. Should the Investment Manager deem the Portfolio to be overly concentrated to any geography or property type, the System shall attempt to reduce this exposure by limiting future commitments to partnerships focused on the over-concentrated segment
- The System's commitment to any given partnership, for funds targeting \$500 million or less of total commitments, shall not exceed 20 percent of that partnership's total commitments. An exemption to this guideline will be given for separate accounts
- The System's commitment to any given partnership, for funds targeting more than \$500 million of total commitments, shall not exceed 10 percent of that partnership's total commitments. An exemption to this guideline will be given for separate accounts
- Opportunistic Real Estate investment funds shall target no more than 80 percent debt (leverage)
- The System shall diversify the portfolio across vintage years

4. Credit Risk

Credit risk is defined as the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Investments in core fixed income portfolios shall be rated Baa3 or BBB- or higher by Moody's or Standard & Poor's. High yield investment portfolios shall be invested in securities rated from Ba1 to Caa or BB+ to CCC as rated by Moody's and Standard & Poor's, respectively. Non-rated securities and securities rated below Caa or CCC shall not exceed 20 percent of the market value of the portfolio.

The System's exposure to credit risk at June 30, 2013, was as follows

Moody's Rating	Total	Domestic	International
A1	\$ 50,990,386	\$ 48,210,746	\$ 2,779,640
A2	41,875,020	32,969,998	8,905,022
A3	106,746,335	26,808,519	79,937,816
AA1	17,835,891	4,326,502	13,509,389
AA2	15,789,676	8,566,839	7,222,837
AA3	25,928,799	21,755,439	4,173,360
AAA	412,339,416	303,949,448	108,389,968
B1	68,680,333	64,767,230	3,913,103
B2	29,108,077	28,856,477	251,600
B3	25,869,627	23,339,427	2,530,200
BA1	21,673,183	16,296,643	5,376,540
BA2	32,667,800	28,776,709	3,891,091
BA3	70,115,840	62,090,963	8,024,877
BAA1	101,530,519	35,712,284	65,818,235
BAA2	119,010,893	69,392,869	49,618,024
BAA3	53,752,320	36,017,038	17,735,282
CA	740,177	740,177	0
CAA1	12,892,699	12,512,699	380,000
CAA2	10,683,723	10,431,848	251,875
CAA3	1,311,179	1,311,179	0
NR	1,427,803,929	770,164,722	657,639,207
P-1	668,299	668,299	0
WR	<u>126,245,885</u>	<u>3,745,027</u>	<u>122,500,858</u>
Total credit risk debt securities	<u>\$ 2,774,260,006</u>	<u>\$ 1,611,411,082</u>	<u>\$ 1,162,848,924</u>

The System's exposure to credit risk at June 30, 2012, was as follows

Moody's Rating	Total	Domestic	International
A1	\$ 37,587,815	\$ 35,844,991	\$ 1,742,824
A2	67,441,191	42,033,106	25,408,085
A3	82,603,040	20,716,144	61,886,896
AA1	15,653,316	3,515,305	12,138,011
AA2	7,174,734	2,218,064	4,956,670
AA3	20,153,157	11,956,872	8,196,285
AAA	254,729,059	174,645,825	80,083,234
B1	55,060,867	52,551,786	2,509,081
B2	23,800,480	21,587,367	2,213,113
B3	19,255,827	17,761,327	1,494,500
BA1	13,904,459	13,854,436	50,023
BA2	30,654,722	27,291,277	3,363,445
BA3	36,321,766	34,499,266	1,822,500
BAA1	97,059,517	41,226,635	55,832,882
BAA2	93,266,301	59,435,339	33,830,962
BAA3	19,755,976	18,479,796	1,276,180
C	600	600	0
CA	662,818	662,818	0
CAA1	14,823,353	14,325,853	497,500
CAA2	11,176,211	11,176,211	0
CAA3	2,358,496	1,532,496	826,000
N/A	1,476,258,560	860,927,440	615,331,120
NR	2,653,467	2,151,353	502,114
VMIG1	822,000	822,000	0
WR	<u>66,676,264</u>	<u>8,190,626</u>	<u>58,485,638</u>
Total credit risk debt securities	\$ <u>2,449,853,996</u>	\$ <u>1,477,406,933</u>	\$ <u>972,447,063</u>

5. Interest Rate Risk

Interest rate risk is defined as the risk that changes in interest rates will adversely affect the fair value of an investment

As of June 30, 2013, the System had the following investments and maturities:

Investment Maturities (In years)					
Investment Type	Fair Value	Less than 1	1 - 5	5 - 10	More than 10
U S Treasury & Government Agency	\$ 810,516,012	\$ 7,967,102	\$ 208,249,240	\$ 123,605,084	\$ 470,694,586
Collateralized Mortgage Obligations	38,844,822	0	333,830	4,579,813	33,931,179
Corporate Bonds	743,690,972	21,731,632	194,802,920	349,591,678	177,564,742
Other	18,359,276	1,500,000	13,214,106	1,774,585	1,870,585
Foreign Corporate Bonds	327,240,098	54,765,117	129,968,264	97,747,741	44,758,976
Foreign Government Bonds	694,333,026	31,975,974	269,862,267	193,941,573	198,553,212
Foreign Treasuries	141,196,018	40,857,638	24,670,461	46,807,093	28,860,826
Foreign Other	79,782	1,883	0	0	77,899
Short-Term Investments	<u>1,005,978,360</u>	<u>1,005,978,360</u>	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL	<u>\$ 3,780,238,366</u>	<u>\$ 1,164,777,706</u>	<u>\$ 841,101,088</u>	<u>\$ 818,047,567</u>	<u>\$ 956,312,005</u>

As of June 30, 2012, the System had the following investments and maturities:

Investment Maturities (In years)					
Investment Type	Fair Value	Less than 1	1 - 5	5 - 10	More than 10
U S Treasury & Government Agency	\$ 792,980,874	\$ 4,648,691	\$ 91,752,519	\$ 192,672,394	\$ 503,907,270
Collateralized Mortgage Obligations	95,855,405	0	163,297	11,490,983	84,201,125
Corporate Bonds	569,035,384	11,026,041	153,927,158	285,973,425	118,108,760
Foreign Corporate Bonds	273,093,893	19,736,201	157,239,158	77,675,565	18,442,969
Foreign Government Bonds	555,927,282	13,941,936	246,875,300	185,750,913	109,359,133
Foreign Treasuries	119,666,202	35,997,811	28,662,586	32,718,122	22,287,683
Foreign Other	43,294,956	0	25,340,050	267,674	17,687,232
Short-Term Investments	<u>884,290,767</u>	<u>884,290,767</u>	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL	<u>\$ 3,334,144,763</u>	<u>\$ 969,641,447</u>	<u>\$ 703,960,068</u>	<u>\$ 786,549,076</u>	<u>\$ 873,994,172</u>

TRSL, as expressed in its Investment Policy Statement, expects its fixed income managers to approximate the portfolio's duration (a measure of a debt investment's exposure to fair value changes arising from changing interest rates) to its respective benchmarks, i.e. the Barclays Capital Aggregate for domestic fixed income investments and CITI World Government Bond Index for international fixed income investments

6. Foreign Currency Risk

Foreign currency risk is defined as the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. Investment risk and foreign currency risk as measured by tracking error has been reduced by the use of the overlay program. Tracking error measures TRSL's actual return versus its target asset allocation benchmark return. TRSL's policy target asset allocation is established to meet TRSL's 8.0 percent actuarial return over the long term at the lowest risk.

The System's exposure to foreign currency risk is \$3,035,838,057 at June 30, 2013, as follows:

Currency	Percent	Total	Bonds	Preferred Stocks	Stocks	Short-Term Investments
AUSTRALIAN DOLLAR	4.48%	\$ 136,004,113	\$ 73,272,733	\$ 0	\$ 62,151,258	\$ 580,122
BRAZIL REAL	3.26%	98,941,611	56,420,287	9,924,884	32,267,732	328,708
CANADIAN DOLLAR	1.89%	57,517,086	16,715,111	0	41,013,218	(211,243)
CZECH KORUNA	0.08%	2,399,033	0	0	2,397,031	2,002
DANISH KRONE	0.83%	25,163,695	0	0	25,162,983	712
EURO CURRENCY UNIT	24.49%	743,625,852	199,254,581	21,425,791	496,441,960	26,503,520
HONG KONG DOLLAR	5.15%	156,452,790	0	0	155,974,505	478,285
HUNGARIAN FORINT	1.32%	40,159,496	37,561,757	0	1,451,581	1,146,158
INDONESIAN RUPIAH	1.20%	36,363,686	20,945,057	0	15,296,072	122,557
ISRAELI SHEKEL	0.17%	5,131,117	0	0	5,096,761	34,356
JAPANESE YEN	10.92%	331,404,002	13,686,429	0	315,080,969	2,636,604
MALYSIAN RINGGIT	2.50%	75,962,405	49,174,961	0	25,628,105	1,159,339
MEXICAN NEW PESO	5.80%	175,964,275	141,117,033	0	17,581,320	17,265,922
NEW TURKISH LIRA	1.67%	50,744,963	35,031,711	0	15,679,650	33,602
NEW ZEALAND DOLLAR	1.11%	33,772,925	29,473,667	0	4,236,415	62,843
NORWEGIAN KRONE	1.03%	31,177,492	12,657,365	0	18,495,879	24,248
PERUVIAN NUEVO SOL	0.00%	832	0	0	0	832
PHILLIPPINES PESO	0.24%	7,187,289	3,828,663	0	3,204,799	153,827
POLISH ZLOTY	1.09%	33,080,344	31,636,005	0	1,324,174	120,165
POUND STERLING	15.25%	462,907,752	72,707,538	0	385,389,355	4,810,859
RUSSIAN RUBEL (NEW)	1.26%	38,199,483	38,199,483	0	0	0
S AFRICAN COMM RAND	3.40%	103,318,554	43,249,618	0	59,400,727	668,209
SINGAPORE DOLLAR	1.63%	49,362,586	2,839,590	0	46,411,402	111,594
SOUTH KOREAN WON	2.48%	75,436,513	24,392,057	0	50,550,824	493,632
SWEDISH KRONA	1.93%	58,562,553	0	0	58,359,344	203,209
SWISS FRANC	5.54%	168,322,979	0	0	168,305,771	17,208
THAILAND BAHT	1.28%	38,674,631	21,876,824	0	16,797,807	0
Total	100.00%	<u>\$ 3,035,838,057</u>	<u>\$ 924,040,470</u>	<u>\$ 31,350,675</u>	<u>\$ 2,023,699,642</u>	<u>\$ 56,747,270</u>

The System's exposure to foreign currency risk is \$3,034,654,454 at June 30, 2012, as follows

Currency	Percent	Total	Bonds	Preferred Stocks	Stocks	Short-Term Investments
AUSTRALIAN DOLLAR	4.76%	\$ 144,509,393	\$ 67,811,765	\$ 0	\$ 76,363,706	\$ 333,922
BRAZIL REAL	3.02%	91,679,481	42,821,758	13,470,181	34,731,383	656,159
CANADIAN DOLLAR	1.93%	58,671,001	16,307,203	0	42,113,542	250,256
CZECH KORUNA	0.11%	3,463,821	0	0	3,463,821	0
DANISH KRONE	0.88%	26,738,439	0	0	26,663,503	74,936
EURO CURRENCY UNIT	23.35%	708,726,248	161,605,444	20,162,194	499,839,000	27,119,610
HONG KONG DOLLAR	6.65%	201,953,311	0	0	200,202,720	1,750,591
HUNGARIAN FORINT	1.08%	32,685,343	30,562,988	0	1,907,542	214,813
INDONESIAN RUPIAN	0.81%	24,502,099	15,009,859	0	9,345,806	146,434
ISRAELI SHEKEL	0.15%	4,506,648	0	0	4,394,089	112,559
JAPANESE YEN	11.18%	339,424,676	1,828,849	0	328,313,912	9,281,915
MALYSIAN RINGGIT	2.45%	74,377,690	56,597,390	0	12,720,728	5,059,572
MEXICAN NEW PESO	4.84%	146,765,681	121,455,081	0	16,728,529	8,582,071
NEW TURKISH LIRA	1.38%	41,726,784	22,303,312	0	19,308,749	114,723
NEW ZEALAND DOLLAR	1.09%	33,160,763	28,066,857	0	5,093,243	663
NORWEGIAN KRONE	1.25%	37,905,494	23,615,367	0	13,939,003	351,124
PERUVIAN NUEVO SOL	0.38%	11,561,076	11,561,076	0	0	0
PHILLIPPINES PESO	0.06%	1,931,784	0	0	1,912,709	19,075
POLISH ZLOTY	1.87%	56,620,762	55,023,879	0	1,514,901	81,982
POUND STERLING	15.66%	475,310,532	58,554,963	0	415,658,027	1,097,542
RUSSIAN RUBEL (NEW)	0.89%	26,991,741	26,991,741	0	0	0
S AFRICAN COMM RAND	3.39%	102,929,244	49,297,654	0	52,402,908	1,228,682
SINGAPORE DOLLAR	1.48%	44,843,744	3,015,081	0	41,826,674	1,989
SOUTH KOREAN WON	2.58%	78,381,861	21,502,128	0	56,419,409	460,324
SWEDISH KRONA	2.65%	80,316,219	20,473,126	0	59,382,655	460,438
SWISS FRANC	5.05%	153,231,122	0	0	152,013,889	1,217,233
THAILAND BAHT	1.06%	<u>31,739,497</u>	<u>23,119,834</u>	<u>0</u>	<u>8,570,775</u>	<u>48,888</u>
Total	100.00%	<u>\$ 3,034,654,454</u>	<u>\$ 857,525,355</u>	<u>\$ 33,632,375</u>	<u>\$ 2,084,831,223</u>	<u>\$ 58,665,501</u>

7. Alternative Investments and Real Estate

TRSL invests in a diversified mix of alternative investments, such as mezzanine, infrastructure and commodities, private equity and real estate. The fair market value of alternative assets and real estate totaled \$3.9 billion, \$3.9 billion, and \$3.4 billion for June 30, 2013, June 30, 2012, and June 30, 2011, respectively. The table below shows the cumulative commitments and cumulative cash flow totals since inception for the last three years.

TRSL Alternative Assets and Real Estate (In billions)			
Total	June 30, 2013	June 30, 2012	June 30, 2011
Active Commitments	\$ 10.9	\$ 10.1	\$ 8.8
Calls for Funding	8.6	8.1	7.0
Unfunded Commitments	2.7	2.3	2.0
Distributions	7.6	6.8	6.0

F. Securities Lending Transactions

State statutes and Board of Trustees policies permit the System to use the assets of the plan to enter into securities lending transactions—loans of securities to broker-dealers and other entities for collateral with a simultaneous agreement to return the collateral for the same securities in the future. The System's domestic managers lend the plan's securities for cash collateral of 100 percent or other securities collateral of 102 percent. The System's global managers lend the plan's securities for cash collateral or other securities collateral of 105 percent. Securities on loan at year-end for cash collateral are presented as uncategorized in the preceding schedule of custodial credit risk. Securities lent for securities collateral are classified according to the category for the collateral. At year-end, the System has no credit risk exposure to borrowers because the amounts the System owes the borrowers exceed the amounts the borrowers owe the System.

All securities loans can be terminated on demand by either the System or the borrower. The System cannot pledge or sell securities collateral unless the borrower defaults. The reinvestment of cash collateral is done on an overnight basis or to term. In instances where a loan is for term, the reinvestment of the cash is matched to the maturity of the loan. Such matching existed at year-end. When investing in repurchase agreements, the collateral received will be a minimum of 102 percent of the cash invested.

The following table presents the fair values of securities on loan and the collateral held for the System at June 30, 2013, and 2012.

Security Type	Fair Value of Securities on Loan 2013	Fair Value of Collateral Held 2013	Fair Value of Securities on Loan 2012	Fair Value of Collateral Held 2012
U S Government & Agency	\$ 270,309,769	\$ 277,231,634	\$ 191,547,316	\$ 195,585,068
U S Fixed Income	65,644,648	67,288,171	47,456,608	48,604,929
U S Equity	1,386,132,811	1,420,784,772	960,824,928	983,888,577
International Fixed Income	58,191,590	58,925,122	36,585,137	37,210,150
International Equity	139,485,231	148,746,671	249,301,969	260,973,879
Total	\$ 1,919,764,049	\$ 1,972,976,370	\$ 1,485,715,958	\$ 1,526,262,603

G. Derivatives

TRSL invests in asset/liability derivatives such as interest-only strips, principal-only strips, collateralized mortgage obligations (forms of mortgage-backed securities), options on futures, forward foreign exchange contracts, futures, and short sales and written options. TRSL reviews market values of all securities on a monthly basis, and prices are obtained from recognized pricing sources. Derivative securities are held in part to maximize yields and in part to hedge against a rise in interest rates. TRSL was invested in a futures based overlay program and short sales and written options at June 30, 2013, which allows TRSL to implement policy target allocation adjustments in an efficient, liquid, and cost effective manner. Interest rate risk, credit rate risk, and foreign currency risk associated with derivatives are included on their respective tables in *Note E Deposits and Investments Risk Disclosures*.

The fair value balances and notional amounts of derivative instruments outstanding at June 30, 2013, and 2012 classified by type, and the changes in fair value of such derivative instruments for the years then ended as reported in the financial statements are as follows

	Changes in Fair Value		Fair Value at June 30, 2013		Notional
	Classification	Amount	Classification	Amount	
Investment derivatives	Net App/(Depr) in Fair Value of Domestic	\$4,953,267	Domestic Bonds	\$3,688,416	\$1,751,270
Futures Based Overlay Program					
Short Sales & Written Options	Alternative Investment Income	(\$9,385,954)	Alternative Investments	(\$16,976,307)	n/a

	Changes in Fair Value		Fair Value at June 30, 2012		Notional
	Classification	Amount	Classification	Amount	
Investment derivatives	Net App/(Depr) in Fair Value of Domestic	(\$3,218,557)	Domestic Bonds	(\$1,264,851)	(\$2,076,290)
Futures Based Overlay Program					
Short Sales & Written Options	Alternative Investment Income	\$3,691,533	Alternative Investments	(\$7,590,353)	n/a

TRSL was invested in the following derivatives throughout the year:

1. Interest-Only Strips and Principal-Only Strips

Interest-only (IO) and principal-only (PO) strips are transactions that involve the separation of the interest and principal components of a security. Interest-only strips are based on cash flows from interest payments on underlying mortgages. Therefore, they are sensitive to prepayments of mortgages, which may result from a decline in interest rates. For example, if interest rates decline and homeowners refinance mortgages, thereby prepaying the mortgages underlying these securities, the cash flows from interest payments are reduced, and the value of these securities declines. Likewise, if homeowners pay on mortgages longer than anticipated, the cash flows are greater, and the return on the initial investment would be higher than anticipated.

Principal-only strips receive principal cash flows from the underlying mortgages. In periods of rising interest rates, homeowners tend to make fewer mortgage prepayments. If actual prepayment rates are lower than anticipated, the time remaining until the return of principal is increased. The later principal is paid, the lower the present value of the security. Conversely, higher prepayment rates return principal faster causing the PO to appreciate in market value.

2. Collateralized Mortgage Obligations

Collateralized mortgage obligations (CMOs) are bonds that are collateralized by mortgages, mortgage pass-through securities, or stripped mortgage-backed securities. Income is derived from payments and prepayments of principal and interest generated from collateral mortgages. Cash flows are distributed to different investment classes or tranches in accordance with that CMO's established payment order. Some CMO tranches have more stable cash flows relative to changes in interest rates than others that can be significantly sensitive to interest rate fluctuations. In a declining interest rate environment, some CMOs may be subject to a reduction in interest payments as a result of prepayments of mortgages which make up the collateral pool. Reduction in interest payments causes a decline in cash flows and, thus, a decline in market value of the CMO security. Rising interest rates may cause an increase in interest payments, thus an increase in the value of the security.

3. Option on Futures

This is an option contract, the exercise of which results in the holder and writer of the option exchanging futures position. The buyer of a call or put option has unlimited profit potential with the risk limited to the premium paid for the option. The option seller accepts potentially unlimited risk in return for the option premium received. The option seller or buyer can terminate such exposure in a closing transaction. A position is offset by completing the opposite transaction with the same option. The option contracts may also be repurchased or closed by the System, at which time the asset or liability is removed, a realized gain or loss is recognized, and cash is paid on the amount repurchased or received on closing a contract.

4. Forward Foreign Exchange Contracts

A currency forward is a contractual agreement between two parties to pay or receive specific amounts of foreign currency at a future date in exchange for another currency at an agreed upon exchange rate. Forward commitments are not standardized and carry counterparty risk. Forwards are usually transacted over the counter. These transactions are entered into in order to hedge risks from exposure to foreign currency rate fluctuation. They are entered into with the foreign exchange department of a bank located in a major money market. Recognition of realized gain or loss depends on whether the currency exchange rate has moved favorably or unfavorably to the contract holder upon termination of the contract. Prior to termination of the contract, the System records the unrealized translation gain or loss.

5. Futures

A futures contract is an agreement for delayed delivery of securities, currency, commodities, or money market instruments in which the seller agrees to make delivery at a specified future date of a specified instrument, at a specific price or yield. Upon entering into a futures contract, the System is required to pledge to the broker an amount of cash equal to a certain percentage of the contract amount. The amount is known as the "initial margin." Subsequent payments, known as "variation margin," are made by the System each day, depending on the daily fluctuations in the value of the underlying security. Such variation margin is recorded as a realized gain or loss for financial statement purposes.

6. Short Sales and Written Options

A short sale is the sale of a security or commodity futures contract that is not owned by the seller. It is a technique used to take advantage of an anticipated decline in the price or to protect a profit in a long position. In general, options are a right to buy or sell property that are granted in exchange for an agreed upon sum. If the right is not exercised after a specified period, the option expires and the option buyer forfeits the money.

Derivatives, such as futures, options, and swaps, may be used for the following purposes: (1) to adjust dollar-weighted duration and term structure of the portfolio, (2) to protect against the downside on credit defaults; (3) to dampen volatility, (4) to create synthetic exposures not otherwise prohibited by investment policy guidelines, and (5) to take advantage of periodic pricing anomalies.

H. Contingent Liabilities

The System is a litigant in several lawsuits. Management of the System, on the advice of legal counsel, believes that such proceedings and contingencies will not have a material effect on the System.

I. Required Supplementary Information

In accordance with GASB 25, required supplementary information is presented on pages 61 through 63.

J. Presentation of GASB Statement 44

In accordance with GASB 44, the statistical section is presented on pages 100 through 119.

K. Presentation of GASB Statement 45

Other Post-Employment Benefits

Plan Description

The State of Louisiana's Post-Retirement Benefit Plan, Office of Group Benefits (OGB) is an agent multiple-employer, post-employment healthcare plan that covers retired employees of the state, as well as school boards and various other non-state employers. OGB provides health and life insurance benefits to eligible retirees, their spouses, and their dependents. Current employees, who participate in the health plan while active, are eligible for plan benefits if they retire under an approved Statewide Retirement System. The amount of State health subsidy is based on the date of participation in an OGB plan (before or after January 1, 2002) and service at retirement. For those beginning participation or rejoining after 2001, a "full subsidy" is provided after 20 years. A full subsidy constitutes a cost-sharing arrangement whereby the retiree is responsible for 25.0 percent of the total contribution rate. Less subsidy is provided for participation under 20 years. Pre 2002 OGB participants who retire under the Plan pay 25 percent of the cost of coverage regardless of service.

Louisiana Revised Statutes 42:801-883 assigns the authority to establish and amend the benefit provisions of the plan to the state legislature. Additional information on the plan can be obtained by writing the Office of Group Benefits at 7389 Florida Boulevard, Suite 400, Baton Rouge, La. 70806 or by calling 1-800-272-8451 or visiting www.groupbenefits.org.

Funding Policy. LRS 42:801-883 assigns the authority to establish and amend the benefit provisions of the plan to the state legislature. Retired plan members and beneficiaries currently receiving benefits are required to contribute specified amounts monthly toward the cost of health insurance premiums.

Retiree Contributions

Employees with continuous OGB medical coverage starting before January 1, 2002, pay approximately 25% of the cost of coverage (**except single retirees under age 65, who pay approximately 25% of the active employee cost**) in retirement.

Employees with an OGB medical participation start (or re-start) date after December 31, 2001, pay a percentage of the total retiree contribution rate based on the following schedule:

OGB Participation	Retiree Share	State Share
Under 10 years	81%	19%
10-14 years	62%	38%
15-19 years	44%	56%
20+ years	25%	75%

Total monthly per capita premium equivalent rates effective January 1, 2013, are shown in the table below:

	PPO	HMO
Single active	\$ 575.92	\$ 544.12
Retired without Medicare		
<i>Single</i>	1,071.48	1,015.48
<i>With Spouse</i>	1,892.04	1,793.08
Retired with 1 Medicare		
<i>Single</i>	348.44	335.96
<i>With Spouse</i>	1,287.40	1,227.80
Retired with 2 Medicare		
<i>With Spouse</i>	626.32	602.20

All members who retire on or after July 1, 1997, must have Medicare Parts A and B in order to qualify for the reduced premium rate.

Total 2012 monthly premium rates for the Medicare Advantage Plans are:		
	1 Medicare	2 Medicare
Humana PPO	\$ 150.00	\$ 300.00
Humana HMO	156.00	312.00
Peoples Health HMO	167.00	334.00
Vantage HMO	279.02	558.02
United Health Care PPO	213.78	427.54
Total 2013 monthly premium rates for the Medicare Supplement Plans are:		
	1 Medicare	2 Medicare
Peoples Health HMO	\$ 234.00	\$ 468.00
Vantage HMO	184.48	368.96

The state is required to contribute the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. The current ARC rate is 22.36 percent of annual covered payroll.

Annual Other Post-Employment Benefits (OPEB) Cost

The following table shows the components of TRSL's annual OPEB cost for the year and the amount actually contributed to the plan during the year.

	2013	2012
Annual required contribution (ARC)	\$ 1,405,600	\$ 1,469,100
Interest on net OPEB obligation	365,400	323,400
Adjustment to ARC	(349,000)	(308,900)
Annual OPEB cost expense	1,422,000	1,483,600
Less contributions made	(447,855)	(433,503)
Increase in net OPEB obligation	974,145	1,050,097
Net OPEB obligation – beginning of year	9,128,252	8,078,155
Net OPEB obligation – end of year	10,102,397	9,128,252

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/10	\$ 2,153,900	15.81%	\$ 6,600,760
6/30/11	1,878,300	21.34%	8,078,155
6/30/12	1,483,600	29.22%	9,128,252
6/30/13	1,422,000	31.49%	10,102,398

Funded Status and Funding Progress. The funding status of the plan as of June 30, 2013, was as follows:

Actuarial accrued liability (in thousands)	\$ 19,227.7
Actuarial value of plan assets (in thousands)	0
Unfunded actuarial accrued liability (in thousands)	\$ 19,227.7
Funded ratio (actuarial value of plan assets/AAL) (in thousands)	0
Covered payroll (active plan members) (in thousands)	\$ 6,286.0
UAAL as a percentage of covered payroll	305.88%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information that will show whether the actuarial value of plan assets is increasing or decreasing over time relative to actuarial accrued liabilities for benefits. In future years, it will show whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

Additional information on the actuarial methods and assumptions used as of June 30, 2012, actuarial valuation follows:

The State of Louisiana Post-Retirement Benefit Plan Valuation as of July 1, 2012

Summary of Actuarial Assumptions and Methods

Valuation Date	July 1, 2012	July 1, 2011
Inflation Rate	3.50%	3.50%
Discount Rate	4.00%	4.00%
Salary Scale	5.00%	5.00%
Payroll Growth	3.00%	3.00%
Actuarial Cost Method	Projected Unit Credit	Projected Unit Credit
Attribution	To retirement date	To retirement date
Amortization of UAAL	Level % pay, open, 30 years	Level % pay, open, 30 years
Funding Policy	No pre-funding, pay-go only	No pre-funding, pay-go only

Health Care Trend Rates

FYB	2012		2011	
	Pre-Medicare	Medicare	Pre-Medicare	Medicare
2011	n/a	n/a	7 50%	8 60%
2012	8 00%	6 00%	7 00%	8 10%
2013	8 00%	6 00%	6 50%	7 60%
2014	8 00%	6 00%	6 00%	7 10%
2015	7 75%	5 75%	5 50%	6 60%
2016	7 50%	5 50%	5 40%	6 30%
2017	7 25%	5 40%	5 30%	6 00%
2018	7 00%	5 30%	5 20%	5 80%
2019	6 75%	5 20%	5 10%	5 50%
2020	6 50%	5 10%	5 00%	5 30%
2021	6 25%	5 00%	5 00%	5 00%
2022	6 00%	4 90%	5 00%	5 00%
2023	5 75%	4 80%	5 00%	5 00%
2024	5 50%	4 70%	5 00%	5 00%
2025	5 25%	4 60%	5 00%	5 00%
2026	5 00%	4 50%	5 00%	5 00%
2027	4 75%	4 50%	5 00%	5 00%
2028	4 50%	4 50%	5 00%	5 00%

Per capita healthcare costs and premium contributions are expected to increase with healthcare trend rates

Administrative Expenses Included in Per Capita Costs

	2012	2011
Mortality Table	RP-2000 Combined healthy	RP-2000 Combined healthy
Mortality Projection*	by Scale AA to 2012	by Scale AA to 2010

*The most recent mortality study indicated experience in line with RP-2000 tables without projection. The projection assumed in the valuations is intended to provide an allowance for mortality improvement up through the valuation date and for future periods.

L. Subsequent Events

The System evaluated all subsequent events through October 8, 2013, the date the financial statements were available to be issued. As a result, the System noted no subsequent events that required adjustment to, or disclosure in, these financial statements.

M. Implementation of GASB Statement 67

The GASB has issued Statement No. 67 "Financial Reporting for Pension Plans." The requirements for this statement are effective for periods beginning after June 15, 2013.

N. Implementation of GASB Statement 68

The GASB has issued Statement No. 68 "Accounting and Financial Reporting for Pension Plans." The requirements for this statement are effective for periods beginning after June 15, 2014.

REQUIRED SUPPLEMENTARY INFORMATION

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Schedules of Employer Contributions for Defined Benefit Plan	63
Schedules of Funding Progress for Other Post-Employment Benefits (OPEB)	63

Schedules of Funding Progress for Defined Benefit Plan

(Dollar amounts in thousands)

Actuarial Valuation Date	Actuarial Value of Assets ¹ (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) ² (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
06/30/05	\$12,082,682	\$18,699,765	\$ 6,617,083	64.6%	\$ 3,132,169	211.3%
06/30/06	13,088,358	19,390,781	6,302,423	67.5%	2,892,959	217.9%
06/30/07	14,812,298	20,772,330	5,960,032	71.3%	3,224,566	184.8%
06/30/08	15,507,834	22,090,516	6,582,682	70.2%	3,675,014	179.1%
06/30/09	13,500,766	22,839,411	9,338,645	59.1%	3,912,326	238.7%
06/30/10	12,868,484	23,674,842	10,806,358	54.4%	3,977,819	271.7%
06/30/11	13,286,295	24,096,754	10,810,459	55.1%	3,902,647	277.0%
06/30/12	13,584,409	24,540,080	10,955,671	55.4%	3,808,761	287.6%
06/30/13	14,677,798	26,017,708	11,339,910	56.4%	3,726,326	304.3%

The total actuarial accrued liability, determined using the Projected Unit Credit cost method, increased by \$1,477,628,433 from June 30, 2012, to June 30, 2013. There was a net experience gain to the fund from all sources of \$693,984,286. This includes the increase in assets due to the change in asset valuation method. A portion of the increase in assets due to investment earnings was allocated to the Experience Account rather than to reduce the unfunded actuarial accrued liability.

¹ The Actuarial Value of Assets for GASB reporting includes the Employer Credit Account Assets, if any, in the Valuation Assets.

² UAAL differs from the UFAL for funding purposes. UFAL for funding purposes excludes the Initial UAL Amortization Fund Assets and the Employer Credit Account Assets.

UFAL – Unfunded Frozen Accrued Liability

IUAL – Initial Unfunded Accrued Liability

NOTE: Information on this table was provided by Foster & Foster.

Schedules of Employer Contributions for Defined Benefit Plan

Year Ended June 30	Annual Required Contribution	Percentage Contributed
2005	\$ 555,169,630	105.6%
2006	555,342,400	103.1%
2007	578,895,501	106.5%
2008	637,097,695	116.2%
2009	697,190,561	106.4%
2010	904,382,657	83.5%
2011	1,086,319,774	90.2%
2012	1,127,265,199	100.0%
2013	1,149,134,132	99.0%

NOTE Information on the table above was provided by Foster & Foster

Schedules of Funding Progress for Other Post-Employment Benefits (OPEB)

Actuarial Valuation Date	Actuarial Value of Assets (in thousands) (a)	Actuarial Accrued Liability (AAL) (in thousands) (b)	Unfunded AAL (UAAL) (in thousands) (b-a)	Funded Ratio (a/b)	Covered Payroll (in thousands) (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
06/30/2008	\$ 0	\$ 22,585.2	\$ 22,585.2	0.00%	\$ 6,011.8	375.68%
06/30/2009	0	30,158.8	30,158.8	0.00%	7,316.6	412.20%
06/30/2010	0	27,095.2	27,095.2	0.00%	7,235.3	374.49%
06/30/2011	0	24,031.4	24,031.4	0.00%	6,812.9	352.73%
06/30/2012	0	19,170.7	19,170.7	0.00%	6,487.9	295.48%
06/30/2013	0	19,227.7	19,227.7	0.00%	6,286.0	305.88%

NOTE Information on the table above was prepared for the Louisiana Office of Group Benefits by Buck Consultants, LLC

SUPPORTING SCHEDULES

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Schedules of Administrative Expenses for the Years Ended June 30, 2013 and 2012

Personnel Expenses.		2013	2012
	Salaries and Wages	\$ 9,244,391	\$ 9,437,742
	Employee Benefits	<u>3,618,565</u>	<u>3,534,846</u>
	Total Personnel Expenses	<u>12,862,956</u>	<u>12,972,588</u>
Travel.		85,811	75,768
Operating Expenses:			
	Advertising	7,487	5,981
	Printing	88,671	77,743
	Insurance	49,828	49,488
	Automotive Repairs	3,275	3,794
	Maintenance-Computer	399,690	416,403
	Maintenance-Equipment	29,163	29,495
	Rentals-Equipment	64,249	71,520
	Building Expenses	503,290	768,056
	Rentals/Disaster Recovery	89,995	81,943
	Membership Dues	26,087	25,272
	Subscriptions	42,690	46,544
	Postage	439,592	661,762
	Telephone	73,003	72,697
	Bank Services Charges	116,467	118,467
	Mail Services	35,791	41,705
	Other Service Charges	<u>6,054</u>	<u>1,355</u>
	Total Operating Expenses	<u>1,975,332</u>	<u>2,472,225</u>
Supplies/Office Acquisitions		73,563	71,878
Professional Services		699,411	671,458
Other Charges & Interagency Transfers		<u>53,107</u>	<u>53,742</u>
Total Administrative Expenses		\$ 15,750,180	\$ 16,317,659
Capital Outlay		<u>247,968</u>	<u>234,259</u>
	Total Administrative Expenses and Capital Outlay	\$ 15,998,148	\$ 16,551,918

Schedules of Investment Expenses for the Years Ended June 30, 2013 and 2012

	2013	2012
Investment activities expenses:		
International investment expenses	\$ 4,203,417	\$ 6,280,152
Alternative investment expenses*	32,400,924	32,342,459
Global custodian fees	432,046	397,566
Performance consultant fees	759,555	790,809
Advisor fees	<u>32,476,075</u>	<u>30,488,685</u>
Total investment activities expenses	<u>70,272,017</u>	<u>70,299,671</u>
Securities lending activities expenses:		
Fixed	139,220	142,943
Equity	853,021	818,912
International	<u>352,210</u>	<u>529,007</u>
Total securities lending activities expenses	<u>\$ 1,344,451</u>	<u>\$ 1,490,862</u>

*Investment fees and expenses of alternative funds are rebated to TRSL by the general partner as gains are realized
These rebates are accounted for as returns of capital

Schedules of Board Compensation for the Years Ended June 30, 2013 and 2012

BOARD OF TRUSTEES	2013		2012	
	NUMBER OF MEETINGS	AMOUNT	NUMBER OF MEETINGS	AMOUNT
Sheryl R Abshire, Ph D	18	\$ 1,350	14	\$ 1,050
Anne H Baker	24	1,800	24	1,800
William C Baker, Ed D	24	1,800	24	1,800
Eula M Beckwith (term ended 12/31/2011) replaced by John G Parauka	N/A	N/A	11	825
Dominic Salinas, Ed D (term ended 12/31/2011) replaced by David A Hennigan	N/A	N/A	10	750
Joyce P Haynes	21	1,575	22	1,650
Darryl C Kilbert	N/A	N/A	22	1,650
Robert Lawyer	22	1,650	24	1,800
Holly B Gildig	24	1,800	23	1,725
Kathy Hattaway	19	1,425	20	1,500
David A Hennigan - replaced Dominic Salinas, Ed D	24	1,800	12	900
Alonzo R "Lonnie" Luce, Ph D replaced Darryl C Kilbert	11	825	N/A	N/A
John G Parauka - replaced Eula M Beckwith	24	1,800	11	825
Joe A Potts, Jr	23	1,725	24	1,800
Carlos J Sam - replaced Gavin L Vitter	11	825	10	750
Gavin L Vitter (interim appointment ended 12/31/2011) - replaced by Carlos J Sam	N/A	N/A	6	450
Total compensation		<u>\$ 18,375</u>		<u>\$ 19,275</u>

Schedules of Payments to Non-Investment Related Consultants and Vendors for the Years Ended June 30, 2013 and 2012

		2013	2012
Actuaries		\$ 249,680	\$ 227,200
	Foster & Foster		
	Hall Actuanal Associates		
	SJ Actuanal Associates		
Auditor/Accountant		73,889	55,000
	Hawthorn, Waymouth & Carroll, L L P		
	Postlethwaite & Netterville		
Information Technology and Other Consultants		204,901	195,574
	Bayou Internet, Inc		
	Bowen ECM Solutions, L L C		
	CEM Benchmarking, Inc		
	CMA Technology Solutions Prof Service		
	Investor Responsibility Support Services, Inc		
	Kroll Background America		
	LexisNexis		
	McLagan Management Consultants		
	Modiphy, Inc		
	Pension Benefit Information		
	Pro Source Technical Services, L L C		
	RMJ Consulting		
	RN Expertise		
	Scope Solutions Group, Inc		
	Secon		
	Sign Language Services International		
	Southwest Computer Bureau, Inc		
	USA Consulting, Inc		
	VR Election Services		
	Other		
Legal		88,878	121,101
	Avant & Falcon		
	Ice Miller, L L P		
	Klausner, Kaufman, Jensen & Levinson		
	Other		
Medical			
	Examiners	82,063	72,583
Total		\$ 699,411	\$ 671,458

INVESTMENT SECTION

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Teachers' Retirement System of Louisiana

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Post Office Box 94123
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September 19, 2013

Board of Trustees
Teachers' Retirement System of Louisiana
Post Office Box 94123
Baton Rouge, LA 70804-9123

Dear Board Members:

The Teachers' Retirement System of Louisiana (System) earned a 13.88 percent return on investments (gross of fees) for the fiscal year ended June 30, 2013. The System has sustained annualized returns over the past three years of 13.06 percent, which when compared to other public plans with assets greater than \$1 billion gives the System a top five percentile ranking, according to the Wilshire Trust Universe Comparison Service (TUCS).

Record corporate earnings in conjunction with a dovish Federal Reserve monetary policy propelled U.S. equity markets and attained preferential status amongst investors over U.S. core fixed income investments. As investors navigated rising interest rates over the recent year, U.S. equities outpaced U.S. core fixed income investments. For the fiscal year the U.S. equity and fixed income markets returned 21.46 percent and - 69 percent as measured by the Russell 3000 Index and Barclays Capital Aggregate Bond Index.

Global monetary policy was a central focus over the recent fiscal year as investors encountered accommodative policies around the globe with the European Central Bank (ECB) unveiling a stimulative bond-buying plan (Outright Monetary Transactions) as well as Japan instituting a \$116 billion spending plan to ignite growth and stymie deflationary pressures. Developed international equity markets responded positively to the monetary programs as investors gravitated toward equities over their fixed income counterparts. The international equity markets as measured by the MSCI EAFE Index returned 18.62 percent with global fixed income as measured by the Barclays Capital Global Aggregate Index returned -2.18 percent.

The System's public market assets generated returns in excess of its corresponding benchmark by 185 basis points, returning 14.25 percent versus 12.40 percent for the benchmark. Active management within domestic equity and global fixed income assets contributed to the public market out performance.

In conjunction with the public market assets, the System's private asset allocations contributed positive absolute returns for the fiscal year. Real estate was the leading alternative asset class returning 14.43 percent for the year followed by private debt and private equity which returned 12.75 percent and 12.38 percent, respectively

Long term, the System's investment returns continue to outpace peer returns. The System's investment returns rank in the top (best) 17 percent of public pension funds with assets greater than \$1 billion for the 10-year period according to TUCS

Sincerely,

Philip M. Griffith
Chief Investment Officer

Summary of Investment Policy

Purpose

The Teachers' Retirement System of Louisiana (System) Investment Policy (Policy) establishes the Investment Policy Statement of the System for the management of the assets held for the benefit of participants and beneficiaries of the System in its implementation of a Defined Benefit Plan (Plan)

The Policy defines the investment objectives, policies and procedures that have been established by the Board of Trustees (Board) The objectives, policies and procedures outlined in the Policy were created as a framework for the management of the Plan The Policy is intended to

- Provide a mechanism to establish and review the Plan's investment objectives,
- Set forth an investment "structure" for managing assets This structure includes various asset classes and investment styles that, in aggregate, are expected to produce a prudent level of diversification and investment return over time,
- Provide a single document identifying the roles of those responsible for selecting, monitoring, and reviewing the Plan's investments,
- Identify the criteria that may be used for selecting the investment funds (a collective reference as to investment managers, pooled investment funds and investment fund organizations),
- Establish measurement standards and monitoring procedures to be used in evaluating the performance of investment funds, and
- Establish procedures for evaluating investment funds

Investment Philosophy

The Policy provides a structure for investing the System's assets to achieve defined investment objectives consistent with applicable law, and for managing the investments of the Plan The System is a long-term investor retaining a broadly diversified portfolio of global assets in both public and private investments

The policy states the core values and fundamental investment beliefs that will form the basis for investment decisions, as follows

- One of the most important decisions that the Board makes is to determine the long-term asset allocation decision,
- The Board will define a long-term strategic asset class allocation and rebalance to those allocations within specific ranges, the Board may express a medium-term view that may be different from target allocation, but within allowed ranges,
- The achievement of long-term investment goals is the result of sound strategic decisions and consistency in implementation,
- It is necessary to use long time frames and appropriate benchmarks to fairly evaluate active manager performance Performance differences in asset classes, strategies, styles, and market capitalizations will have multi-year cycles,
- Investment implementation should be cost effective, and
- Active investment management should be applied in asset classes and strategies where evidence of favorable value added potential exists

Investment Objectives

The investment objectives of the System have been established in conjunction with a comprehensive review of the current and projected financial requirements

The Board's investment objectives are to

- Protect the System's assets in real terms such that assets are preserved to provide benefits to participants and their beneficiaries.
- Achieve investment returns sufficient to meet the actuarial rate necessary to improve the future soundness of the System

The desired investment objective is a long-term compound rate of return on the System's assets of 3.9% above the Consumer Price Index (CPI-U) seasonally adjusted or the actuarial rate (currently 8.00%), whichever is higher Market performance varies and this return objective may not be meaningful during some periods

While there can be no complete assurance that these objectives will be realized, this Policy is believed to provide a sound basis to successfully achieve System objectives

Asset Allocation Guidelines

The System has established a target allocation for each asset class below, effective July 10, 2012. It shall be the policy of the System to invest the assets within the minimum and maximum range for each asset class, as stated below

Asset Class	Minimum	Target	Maximum
Large/Mid Cap U S Equity	19%	24%	29%
Small Cap U S Equity	4%	7%	10%
International Equity (Developed)	7%	11%	15%
Emerging Markets Equity	4%	8%	12%
Core U S Fixed Income*	6%	12%	18%
High Yield Bonds	0%	2%	4%
Non-U S Developed Bond	0%	4%	7%
Emerging Market Bonds	0%	3%	6%
Opportunistic Real Estate	0%	3%	6%
Real Estate (Core)	0%	4%	8%
Commodities	0%	2%	5%
Infrastructure	0%	1%	5%
Corporate Finance	5%	11%	15%
Venture Capital	0%	2%	5%
Mezzanine/Distressed Debt	0%	6%	8%
Total Fund		100%	
Total Equities	35%	50%	65%
Total Core Fixed Income	6%	14%	20%
Total Non-U.S. Fixed Income	0%	7%	13%
Total Real Estate	0%	7%	14%
Total Alternative Assets**	5%	22%	30%

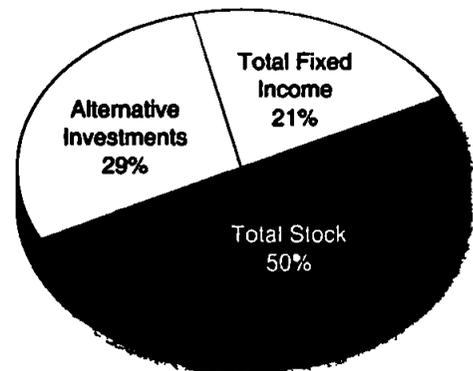
* U S Fixed Income (Core) includes the U S portion of the Global Fixed Income allocation

** To determine the asset allocation for the alternative asset class, only the actual amount invested is applicable

The asset allocation ranges established by this investment policy represent a long-term perspective. Investment managers will be evaluated on the performance of the total portfolio that they manage.

It is expected that all assets of the System will be managed in accordance with the Louisiana Revised Statutes

Target Asset Allocations



Investment Guidelines

The following general guidelines apply for the overall plan assets of the System. Specific guidelines for investment managers are provided in an Appendix to the Policy.

- Investments shall possess value and quality corroborated by accepted investment techniques and standards of fundamental or systematic economic, financial and security analysis
- Securities transactions shall be executed by the investment managers and the managers shall seek to achieve best price and best execution transaction(s)
- The following categories are restricted for the System's investments (pertains to non-alternative investments)
 - Short sales of securities
 - Direct loans or extending lines of credit to any interested party
 - Letter stock
 - Unregistered securities (except 144A securities)
- Investments shall be diversified with the intent to minimize the risk of large losses to the System. The total portfolio will be constructed and maintained to provide prudent diversification through various asset categories
- The System expects the investment manager's cash position to adhere to the following
 - Equity investment manager's cash shall not constitute more than 5% of the market value of the manager's portfolio without prior Board approval
 - Short-Term Investment Fund (STIF) deposit accounts shall not be maintained at foreign sub-custodian banks, except those such accounts maintained by managers of global or international funds
 - The manager's cash will be swept daily into a STIF account by the custodian
- The System may engage in the lending of securities subject to the following guidelines
 - Collateral on loans of domestic securities is set at a minimum 102% of the market value of the security plus accrued interest
 - Collateral on loans of international securities is set at a minimum 105% of the market value of the security plus accrued interest
 - Securities of the System are not released until the Custodian Bank receives payment for the book-entry withdrawal of the loaned security
 - Funds from the lending of securities accrue to the System's account and not to investment managers since they would not be involved in the process
- Performance benchmarks and investment guidelines for investment managers by asset class are set forth in an appendix to the Policy in the following areas: domestic equity, developed international equity, investment grade core fixed income, core plus fixed income, global fixed income, high yield fixed income, global high yield fixed income, emerging markets debt, emerging markets equities, alternative assets, and real estate

Selection and Monitoring of Investment Options

Manager searches will be conducted utilizing a Solicitation for Proposal (SFP) process, unless there are specific circumstances where the SFP would not be required as approved by the Board.

- **Due Diligence.** In general, the minimum due diligence process for an investment manager's selection shall include, but not be limited to
 - **Regulatory oversight** Each investment manager should be a regulated bank, an insurance company, a mutual fund organization, or a registered investment advisor
 - **Assets under management** The product should have an appropriate asset base
 - **Performance relative to assumed risk** Competitive returns of investment vehicles compared to appropriate benchmark(s) at an acceptable level of volatility
 - **Consistency of holdings with style** History of consistent adherence to investment strategy
 - **Stability of the organization** Established investment firm (significant experience and high quality reputation).
 - **Performance relative to peer groups** The product's performance should be evaluated against the peer group's returns for the trailing 1-, 3-, 5- year or longer annualized periods, past performance should not, however, be the sole basis for selecting investment managers

- **Performance Monitoring.** The Board, with the aid of Staff and Consultant, will monitor the performance of each manager at least quarterly and meet each active manager annually while retaining a long-term focus. Monitoring the monthly performance relative to benchmarks will be an ongoing activity. The focus of the ongoing evaluation shall include
 - Assets under management (tracking substantial changes in total assets)
 - Manager adherence to the Policy, guidelines and objectives
 - Performance relative to appropriate benchmark comparison
 - Performance relative to peer group(s)
 - Portfolio holdings that are consistent with style or strategy
 - Stability of the organization and key investment personnel turnover
- **Watch List or Termination.** The Board retains the discretion to place on the watch list or terminate an investment manager for any reason. Grounds for investment manager termination may include, but are not limited to
 - Failure to comply with stated Policy or investment guidelines
 - Significant deviation from the manager's stated investment philosophy or process
 - Loss of key investment personnel
 - Evidence of illegal or unethical behavior by the investment management firm
 - Loss of confidence by the Board in the investment manager
 - Failure to achieve performance objectives specified in the manager's guidelines over reasonable measurement periods
 - A change in the Board's asset allocation policy that necessitates a shift of assets to a different asset category or investment style

Roles and Responsibilities

Chief Investment Officer The Chief Investment Officer administers the investment program of the System. The duties of the CIO include

- Responsible for all functions of the System's investment department
- Oversee all System investments and investment managers
- Meet with the Investment Committee/Board to review investments and policies
- Monitor existing limited partnerships and review future partnerships
- Monitor investment portfolios to ensure they are within the Policy established by the Board
- Research new investment vehicles and present viable investments to the Board for possible inclusion to the Policy
- Consider newly established asset categories, market conditions and transaction costs when determining the most cost-effective process to rebalance the portfolio
- Responsible for effectively implementing the Policy
- Implement asset allocation shifts to maintain portfolio allocations within approved Policy ranges
- Direct the activities of the System's consultants for the best interest of the System and to leverage the activities of the Staff
- Make recommendations concerning the hiring/terminating of investment managers/advisors/consultants
- Represent the System at limited partnership meetings and Advisory Committee meetings, or delegate such duties to Staff or other agent(s) as necessary and appropriate
- Assist the Director with legislative issues
- During exigent circumstances, after consultation with and the concurrence of the Director, if practicable, and the Chairperson of the Investment Committee and/or the Chairperson of the Board, take such actions necessary to preserve and protect the assets and interests of the System

Investment Consultant. The Consultant will advise the Board on the management of the Plan's assets. All Consultant(s) will be evaluated on an annual basis. The duties and responsibilities of the Consultant include, but are not limited to

- Recommending appropriate strategic policy and implementation structure
- Conducting manager due-diligence
- Assisting with manager searches and selection
- Providing quarterly compliance reports

- Aiding the Board and Staff in monitoring the guidelines of the Policy and making recommendations regarding changes should they need to be made
- Providing timely information, written and/or oral, on investment strategies, instruments, managers and other related issues, as requested by the Board, the Director, or the CIO

Investment Managers. Investment managers have the responsibility for managing the underlying assets by making reasonable investment decisions consistent with its stated approach, and reporting investment results. The duties and responsibilities of the investment managers include, but are not limited to

- Investing the assets of the Plan with the care, skill, prudence, and diligence that a prudent professional investment manager, familiar with such matters and acting in like capacity, would use in the investment of such assets
- Adhering to the investment policies and guidelines prescribed by the Board, additionally, all separately managed account managers will provide a quarterly report indicating adherence to policies and guidelines
- Initiating written communication with the Board whenever the investment manager believes the guidelines should be changed. The Board recognizes that such changes may be necessary from time to time given the dynamic nature of capital markets
- Informing the CIO or Consultant, as applicable, regarding all significant matters pertaining to the investment of the Plan's assets in a timely manner (no greater than 30 days). These matters include, but are not limited to
 - Substantive changes in investment strategy or portfolio structure, and
 - Significant changes in the ownership, affiliations, organizational structure, financial condition, and professional staffing of the investment management organization
- Submitting at least monthly reports describing portfolio holdings, performance results, and transactions activities. The manager should inform the Board quarterly of the turnover within the portfolio and be prepared to document rationale for significant changes in portfolio turnover.
- Voting all proxies after careful assessment of the issues involved. The managers should pay particular attention to items that may reduce the economic value of stockholders' rights of ownership and thereby impact adversely the performance of the Plan's assets. Nevertheless, each investment manager is required to advise the Board on any issues that should require special consideration. Staff will report to the Board annually summarizing the proxies that were voted by the investment managers
- Adhering to the ethical standards of practice of the CFA Institute
- The Board expects to meet with the active (publicly traded) investment managers at least annually. During such meetings, the managers will be expected to explain their current investment strategies, comment on performance, and any changes at the firm

Custodian Bank. The Board recognizes that accurate and timely completion of custodial functions is necessary to effectively monitor investment management activity. The custodian's primary function will be to hold in custody all the securities that each of the investment managers manage in their portfolios, except for commingled funds or mutual funds, which may be held elsewhere. The Custodian Bank will be evaluated by Staff on an annual basis.

The Custodian Bank is a fiduciary as to the assets placed with it by the System. The Custodian Bank is responsible for performing the following functions, among others designated by its contract:

- Providing safekeeping of securities, collecting dividends and interest earned, making disbursements and receiving cash flows as directed, and providing an annual SOC 1 Report
- Providing complete and accurate accounting records including each transaction, income flow and cash flow by asset class, investment manager, and total fund
- Monitoring and reconciling all trading activity
- Issuing monthly reports of holdings and transactions priced in accordance with industry standards
- Meeting periodically with Staff to report on the activity of the System's assets and bank organizational issues
- Providing periodic reporting to Staff including
 - Estimated market value and cash flow report
 - Master trust reporting – by total fund, asset class and plan account
 - Monthly custody account reconciliations
 - Limited partnership and co-mingled account reconciliations
 - Monthly report filing of claims and class actions
 - Monthly report brokerage activity
- Handling securities lending and related functions

Investment Summary as of June 30, 2013 and 2012

	June 30, 2013		June 30, 2012	
	Fair Value	% Total Fair Value	Fair Value	% Total Fair Value
Domestic bonds:				
U S Treasury & government agency securities	\$ 849,360,834	5.596%	\$ 888,836,279	6.391%
Corporate bonds	743,690,972	4.900%	569,035,384	4.091%
Miscellaneous bonds	<u>18,359,276</u>	0.120%	<u>19,535,270</u>	0.141%
Total domestic bonds	<u>1,611,411,082</u>	10.616%	<u>1,477,406,933</u>	10.623%
International bonds	<u>1,162,848,924</u>	7.661%	<u>972,447,063</u>	6.992%
Domestic stocks:				
Common	4,321,666,181	28.472%	3,794,395,878	27.282%
Preferred	<u>429,082</u>	0.003%	<u>419,392</u>	0.003%
Total domestic stocks	<u>4,322,095,263</u>	28.475%	<u>3,794,815,270</u>	27.285%
International stocks:				
Common	3,112,669,154	20.507%	2,857,444,051	20.545%
Preferred	<u>36,022,807</u>	0.237%	<u>46,861,999</u>	0.337%
Total international stocks	<u>3,148,691,961</u>	20.744%	<u>2,904,306,050</u>	20.882%
Domestic and international short-term investments	<u>1,005,978,360</u>	6.628%	<u>884,290,767</u>	6.358%
Alternative investments:				
Private equity investments	2,319,914,867	15.285%	2,334,956,322	16.788%
Real estate investments	1,217,924,824	8.024%	1,159,026,507	8.334%
Mezzanine financing instruments	389,605,580	2.567%	380,771,973	2.738%
Total alternative investments	<u>3,927,445,271</u>	25.876%	<u>3,874,754,802</u>	27.860%
Total Investments	<u>\$ 15,178,470,861</u>	100.000%	<u>\$ 13,908,020,885</u>	100.000%
NOTE The fair value of the equity index portfolios at June 30, 2013, was \$1,595,215,875 which represents 21% of total equity which has a market value of \$7,470,787,224				

List of Largest Assets Held

Largest Equity Holdings

Shares	Stock Description		Fair Value
63,774	Google Inc	\$	56,144,716
587,822	Exxon Mobil Corp		53,109,718
123,409	Apple Inc		48,935,371
386,396	Chevron Corp		45,726,103
1,413,258	Pfizer Inc		39,585,357
528,906	Schlumberger Ltd		37,901,404
711,877	JPMorgan Chase & Co		37,579,987
362,839	Baidu Inc/China		34,325,295
848,100	Tencent Holdings LTD		33,262,039
796,315	Wells Fargo & Co		32,863,920

Largest Debt Holdings

Par Value	Bond Description		Fair Value
169,249,000	U S Treasury Note	\$	173,080,610
1,653,552,000	Mexican Bonos		140,558,957
83,705,000	U S Treasury Bond		88,040,226
77,710,000	Commit To Pur FNMA SF MTG		78,503,228
79,689,000	U S Treasury NT CPN Strip		66,806,126
42,430,000	Italy Buoni Poliennali Del Tes		55,982,488
152,721,000	Malaysia Government Bond		49,174,961
103,303,000	Brazil Notas Do Tesouro Nacion		44,929,849
474,783,000	South Africa Government Bond		43,249,618
26,695,000	United Kingdom Gilt		41,844,849

The list of largest holdings excludes co-mingled funds

Largest Alternative Investment Holdings

Description		Fair Value
JP Morgan Investment Management	\$	308,081,486
Prudential Real Estate Investors		289,805,218
Blackstone Real Estate Partners VI		118,284,571
Warburg Pincus Private Equity X		95,607,526
Providence Equity Partners VI		87,748,137
Blackstone Real Estate Partners V		86,987,316
Starwood Global Opportunity Fund VIII		85,369,457
First Reserve Fund XII		82,188,783
Energy Capital Partners Fund II		81,300,066
First Reserve Fund XI		80,306,376

A complete list of portfolio holdings is available upon request

Net Earnings on Investments for the Years Ended June 30, 2013 and 2012

	2013		2012	
Earnings on investments:				
Net appreciation (depreciation) in domestic investments				
Bonds	\$ (91,030,804)		\$ 36,894,404	
Short-term investments	459,136		(16,017)	
Common and preferred stocks	467,338,821		(191,216,952)	
Alternative investments	<u>95,089,633</u>	471,856,786	<u>7,793,120</u>	\$ (146,545,445)
Net appreciation (depreciation) in international investments				
Bonds	(32,415,138)		(38,795,444)	
Common and preferred stocks	303,311,789		(540,828,966)	
Alternative investments	<u>(598,059)</u>	270,298,592	<u>(337,911)</u>	(579,962,321)
Domestic interest income				
Bonds	64,665,140		72,014,060	
Short-term investments	<u>3,950,709</u>	68,615,849	<u>1,348,865</u>	73,362,925
International interest income				
Bonds	56,287,743		31,561,255	
Short-term investments	<u>125,626</u>	56,413,369	<u>(2,267)</u>	31,558,988
Domestic common and preferred dividends		73,904,234		64,438,657
International common and preferred dividends		101,856,483		104,499,219
Securities lending income				
Fixed	935,115		953,126	
Equity	5,695,969		5,481,150	
International	<u>2,348,298</u>	8,979,382	<u>3,550,296</u>	9,984,572
Gain (loss) on sale of domestic securities, net				
Bonds	64,290,052		7,008,850	
Short-term investments	(374,833)		0	
Common and preferred stocks	231,513,870		88,664,147	
Alternative investments	<u>280,155,357</u>	575,584,446	<u>181,804,421</u>	277,477,418
Gain (loss) on sale of international securities, net				
Bonds	15,852,225		12,171,474	
Short-term investments	56,412		169	
Futures and Options	0		(805,210)	
International Exchange Contract	(16,203)		(200,055)	
Common and preferred stocks	141,842,149		69,385,069	
Alternative investments	<u>88,784,863</u>	246,519,446	<u>73,821,186</u>	154,372,633
Gain (loss) on international exchange transactions, net		(51,491,751)		24,135,870
Miscellaneous domestic income		15,028		9,595
Commission rebate income		<u>0</u>		<u>164</u>
Gross earnings		<u>1,822,551,864</u>		<u>13,332,275</u>
Charges against earnings.				
Securities lending expenses				
Fixed	139,220		142,943	
Equity	853,021		818,912	
International	<u>352,210</u>	1,344,451	<u>529,007</u>	1,490,862
International tax expense		4,203,417		6,280,152
Alternative investments expense		32,400,924		32,342,459
Custodian fees		432,046		397,566
Performance consultant fees		759,555		790,809
Advisors fees		<u>32,476,075</u>		<u>30,488,685</u>
Total charges		<u>71,616,468</u>		<u>71,790,533</u>
Net income (loss) on investments		<u>\$ 1,750,935,396</u>		<u>\$ (58,458,258)</u>

Investment Performance Measurements¹ – Year Ended June 30, 2013

	Rate of Return ¹	Percentile ²
Comparative Rates of Return on Total Fund		
Teachers' Retirement System of Louisiana <u>Comparison Index</u>	13.9%	18
Median Return for Public Funds Greater than \$1.0 billion	12.3%	50
Comparative Rates of Return on Domestic Equities		
Teachers' Retirement System of Louisiana <u>Comparison Indices</u>	22.6%	40
Median Return for US Equity of Public Funds Greater than \$1.0 billion	22.1%	50
Russell 3000 Index	21.5%	69
Comparative Rates of Return on Domestic Bonds		
Teachers' Retirement System of Louisiana <u>Comparison Indices</u>	1.2%	50
Median Return for US Fixed Income of Public Funds Greater than \$1.0 billion	1.1%	50
Barclays Capital Aggregate Bond Index	(0.7%)	86
Comparative Rates of Return on International Equities		
Teachers' Retirement System of Louisiana <u>Comparison Indices</u>	15.4%	68
Median Return for Non-US Equity of Public Funds Greater than \$1.0 billion	16.3%	50
MSCI EAFE Net Dividend Index	18.6%	18
Comparative Rates of Return on Global Bonds		
Teachers' Retirement System of Louisiana <u>Comparison Indices</u>	2.7%	N/A
Median Return for Global Bonds of Public Funds Greater than \$1.0 billion ³	N/A	N/A
Barclays Capital Global Aggregate Bond Index	(2.2%)	N/A
Comparative Rates of Return on Alternative Assets and Real Estate		
Teachers' Retirement System of Louisiana <u>Comparison Indices</u>	13.3%	N/A
Median Return for Alternative Assets and Real Estate ⁴	N/A	N/A
TRSL Private Asset Benchmark	15.9%	N/A

Total Fund performance is compared to Public Funds greater than \$1.0 billion in assets as follows:

	Rate of Return ¹	Percentile ⁵
One-year period ended June 30, 2013	13.9%	21
Three-year period ended June 30, 2013	13.1%	5
Five-year period ended June 30, 2013	4.8%	53
Seven-year period ended June 30, 2013	5.3%	52
Ten-year period ended June 30, 2013	8.0%	17
Fifteen-year period ended June 30, 2013	6.2%	27

¹ Investment return calculations were prepared with time-weighted return methodology using market values and cash flows gross of fees

² The BNY Mellon Financial Universe (PARis) consists of public funds with assets greater than \$1.0 billion

³ BNY Mellon Financial does not provide a universe for global bonds

⁴ BNY Mellon Financial does not provide a universe for alternative assets and real estate

⁵ The Wilshire Trust Universe Comparison Service (TUCS) consists of public funds with assets greater than \$1.0 billion

RATES OF RETURN¹

	ANNUAL YEARS ENDED JUNE 30					ANNUALIZED	
	2013	2012	2011	2010	2009	3 YRS	5 YRS
TOTAL FUND							
Teachers' Retirement System of Louisiana	13.9%	0.1%	26.8%	12.6%	(22.3%)	13.1%	4.8%
Median Large Fund Returns ²	12.3%	1.1%	21.5%	13.5%	(18.0%)	11.7%	5.2%
Inflation (US Consumer Price Index)	1.8%	1.7%	3.6%	1.1%	(1.4%)	2.3%	1.3%
DOMESTIC EQUITIES							
Teachers' Retirement System of Louisiana	22.6%	0.4%	34.0%	16.5%	(28.0%)	18.2%	6.7%
Median Return for US Equity Segment ²	22.1%	2.3%	33.3%	16.5%	(27.0%)	18.8%	7.2%
Russell 3000 Index	21.5%	3.8%	32.4%	15.7%	(26.6%)	18.6%	7.3%
DOMESTIC BONDS							
Teachers' Retirement System of Louisiana	1.2%	7.3%	5.6%	15.6%	(5.1%)	4.7%	4.7%
Median Bond Return for US Bonds Segment ²	1.1%	8.0%	6.4%	13.8%	3.4%	5.1%	6.2%
Barclays Capital Aggregate Bond Index	(0.7%)	7.5%	3.9%	9.5%	6.0%	3.5%	5.2%
INTERNATIONAL EQUITIES							
Teachers' Retirement System of Louisiana	15.4%	(10.0%)	33.1%	10.2%	(31.5%)	11.4%	0.9%
Median Return for Non-US Equity Segment ²	16.3%	(12.7%)	30.7%	11.9%	(30.7%)	10.1%	0.3%
MSCI EAFE Net Dividend Index	18.6%	(13.8%)	30.4%	5.9%	(31.4%)	10.0%	(0.6%)
GLOBAL BONDS							
Teachers' Retirement System of Louisiana	2.7%	7.3%	13.3%	9.5%	1.6%	7.7%	6.8%
Median Return for Non-US Fixed Segment ³	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Barclays Capital Global Aggregate Bond Index	(2.2%)	2.7%	10.5%	5.0%	2.8%	3.6%	3.7%
ALTERNATIVE ASSETS and REAL ESTATE							
Teachers' Retirement System of Louisiana	13.3%	7.4%	21.8%	12.3%	(21.1%)	14.0%	5.6%
Median Return for Alternative Segment ⁴	N/A	N/A	N/A	N/A	N/A	N/A	N/A
TRSL Private Asset Benchmark	15.9%	8.0%	19.3%	16.8%	(17.2%)	14.4%	7.7%

¹ Investment return calculations were prepared with time-weighted return methodology using market values and cash flows gross of fees

² The BNY Mellon Financial Universe (PARis) consists of public funds with assets greater than \$1.0 billion

³ BNY Mellon Financial does not provide a universe for global bonds

⁴ BNY Mellon Financial does not provide a universe for alternative assets and real estate

Summary Schedule of Commissions Paid to Brokers for the Year Ended June 30, 2013

	Commission Dollar Amount
DOMESTIC COMMISSIONS	
Domestic Equity	
Louisiana Incorporated Brokers	\$ 323,526
Cullen Investment Group	
Dorsey & Company, Inc	
FBT Investments	
Francis Financial (Minority)	
Johnson Rice	
Sisk Investments	
Sisung Securities	
Non-Louisiana Incorporated Minority Brokers	14,360
Jackson Partners	
Williams Capital	
All Other Brokers	<u>3,339,056</u>
Total Domestic Commissions	<u>3,676,942</u>
INTERNATIONAL COMMISSIONS	
Total International Commissions	<u>1,453,455</u>
Total Domestic and International Commissions	<u>\$ 5,130,397</u>

ACTUARIAL SECTION

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October 8, 2013

Board of Directors
 Teachers' Retirement System of Louisiana
 Post Office Box 94123
 Baton Rouge, Louisiana 70804-9123

Ladies and Gentlemen:

Pursuant to your request, I have completed the annual valuation of the Teachers' Retirement System of Louisiana as of June 30, 2013. The valuation was prepared on the basis of the data submitted by the Retirement System, the actuarial assumptions adopted by the Board of Trustees, and reflects the plan provisions in effect on the valuation date.

The funding objective of the Retirement System was established by Constitutional Amendment Number 3 during the 1987 Legislative Session and requires the following:

- a) Fully fund all current normal costs determined in accordance with the prescribed statutory funding method; and
- b) Liquidate the unfunded liability as of June 30, 1988 over a forty year period with subsequent changes in unfunded liabilities amortized over period(s) specified by statute.

The results of the current valuation indicate that the employer contribution rate payable for the plan year commencing July 1, 2013 should have been set at 27.3% of payroll. When compared to the 27.1% projected rate for this period, as set by the Public Retirement Systems' Actuarial Committee, the current rate reflects an increase resulting primarily from the statutory increase in amortization payments for the unfunded accrued liability and the decrease in projected aggregate payroll. The current contribution rate, together with the contributions payable by the members, is sufficient to achieve the funding objective set forth above.

Beginning June 30, 2013, the actuarial value of assets is determined as the market value of assets adjusted to gradually recognize investment gains and losses relative to the net assumed investment return, over a 5 year period in 20% increments. The adjusted asset value is subject to corridor limits of 80% to 120% of the market value of assets. The objective of the asset valuation method is to smooth the volatility which might otherwise occur due to market conditions on the measurement date. The actuarial value of assets for the plan year ending on June 30, 2013, is \$14,890,214,898. After adjusting for the Employee Experience Account balance of \$211,094,496, and for the Louisiana State University Agriculture and Extension Service Supplement of \$1,322,042, the valuation assets used for funding purposes is \$14,677,798,360.

In performing the June 30, 2013 valuation, I have relied upon the employee data and financial information provided by the administrative staff of the Teachers' Retirement System of Louisiana. Participant data was not audited but was reviewed for reasonableness and consistency relative to data used for prior year valuations. Plan assets were compared with information furnished for the prior year's valuation and reviewed for consistency.

The present values shown in the June 30, 2013, actuarial valuation and supporting statistical schedules of this certification, which comprises all the schedules of the Actuarial Section in the annual Financial Statement, have been prepared in accordance with the actuarial methods specified in Louisiana Revised Statutes Title II Section 22(13) and assumptions which are appropriate for the purposes of this valuation. The funding method prescribed by state law is the Projected Unit Credit cost method.

The 8.00% discount rate was adopted by the Board in 2012, to be effective for the June 30, 2013 valuation. The assumption was recently reviewed and determined to be appropriate for purposes of the June 30, 2013, actuarial valuation for funding. The actuarial assumptions and methods used for funding purposes are within the parameters set forth by the Government Accounting Standards Board (GASB) Statement No. 25 and were employed in the development of the schedules listed below for the Financial Section of this report.

The following supporting schedules were prepared by the system's actuary for the Comprehensive Annual Financial Report:

Actuarial Section

- Summary of Actuarial Assumptions
- Actuarial Valuation Balance Sheet
- Summary of Unfunded Actuarial Liabilities
- Summary of Actuarial and Unfunded Actuarial Liabilities
- Reconciliation of Unfunded Actuarial Liabilities
- Amortization of Unfunded Actuarial Accrued Liability
- Membership Data
- Summary of Plan Provisions

Financial Section

- Schedule of Funding Progress
- Schedule of Employer Contributions

I certify to the best of my knowledge, the methods and assumptions comply with generally recognized and accepted actuarial principals and practices and the applicable actuarial standards of practice, are reasonable to meet the retirement System's funding objective. I am a member of the American Academy of Actuaries and an Associate in the Society of Actuaries and I meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinions contained herein.

Respectfully submitted,



Shelley R. Johnson, MAAA, ASA
Consulting Actuary

Summary of Actuarial Assumptions

The following assumptions were adopted by the Board of Trustees of The Teachers' Retirement System of Louisiana (TRSL) based on the 2008-2012 actuarial experience study in effect as of June 30, 2013

I. General Actuarial Method

Actuarial Funding Method : The actuarial cost method prescribed by statute is the Projected Unit Credit cost method. The unfunded accrued liability on June 30, 1988 was amortized over a forty year period commencing in 1989. The amortization payment originally reflected a 4% increase for the first five years, reducing by 0.5% at the end of each five year period. Changes in unfunded accrued liabilities occurring after June 30, 1988 were originally amortized as a level dollar amount as follows:

	Act 81 Effective 6/30/88	As Amended Act 257 Effective 6/30/92
Experience Gains/Losses	15 years	Later of 2029 or 15 years
Actuarial Assumptions	30 years	Later of 2029 or 30 years
Actuarial Methods	30 years	Later of 2029 or 30 years
Benefit Changes	Determined by enabling statute	

Act 257 of 1992 amended the amortization schedule to reflect a 4.5% payment increase over the remaining amortization period.

Act 588 of 2004 re-amortized changes in liabilities occurring from 1993 through 2000 as a level dollar payment to 2029. Amortization periods for changes in liabilities beginning with 2001 through 2003 were extended to a thirty-year period from the date of occurrence. Amortization periods for changes in liabilities beginning with 2004 are extended to a thirty-year period from the date of occurrence, paid as a level dollar amount.

Act 484 of 2007 and resulting Constitutional Amendment require increases in UAL due to altered benefit provisions by legislative enactment to be amortized over a ten year period with level payments.

Act 497 of 2009 consolidates the outstanding balance of all amortization schedules established on or before July 1, 2008, into two amortization schedules, the Original Amortization Base (OAB) and the Experience Account Amortization Base (EAAB). The consolidation was effective July 1, 2010. The outstanding balance of the OAB was credited with funds from the Initial UAL fund, excluding the subaccount of this fund, and the Employer Credit Account. The OAB will be paid off in plan year 2028/2029. The EAAB was credited with funds from the Initial UAL subaccount, which were transferred from the Employee Experience Account on June 30, 2009. The EAAB will be paid off in plan year 2039/2040. The payment schedule for each of these bases will increase each plan year as follows:

Plan Year	Original Amortization Base	Experience Account Amortization Base
2013/2014	7.0%	7.0%
2014/2015 – 2017/2018	6.5%	6.5%
2018/2019 +	2.0%	Level Payments

Employer contribution requirements for normal costs and amortization of the unfunded accrued liabilities are determined as a projected percentage of payroll. The discrepancy between dollars generated by percentage of payroll versus the required dollar amount is treated as a short-fall credit/debit. The debit/credit is amortized over a five year period with level amortization payments, except as provided by Act 497, and is applied to the following year's contribution requirement. Act 497 changes the amortization of contribution variance credits. Beginning with plan year 2009-2010 through plan year 2039-2040, any overpayment will be credited to the EAAB. The EAAB will then be re-amortized according to the new payment schedule.

Asset Valuation Method: Beginning June 30, 2013, the market value of assets is adjusted to gradually recognize investment gains and losses relative to the net assumed investment return, over a 5 year period in 20% increments. The adjusted asset value is subject to Corridor Limits of 80% to 120% of the market value of assets. Previously assets were valued on a basis, which reflected a four-year moving weighted average value between market value and cost value, subject to the corridor limits described above.

Valuation Data: The administrative staff of TRSL furnishes the actuary with demographic data relating to the active life membership and retired life members. Retired life members included inactive members who are entitled to a deferred reciprocal or vested benefit. The book value and market value of system assets are provided by the administrative staff of TRSL. All data is reviewed for reasonableness and consistency from year to year, but is not audited by the actuary.

II. Economic Assumptions

Actuarially Assumed Rate of Return: The Board of Trustees adopted a discount rate of 8.00% net of investment and administrative expenses, effective June 30, 2013. Investment manager fees and administrative expenses are treated as a direct offset to investment income.

Post Retirement Benefit Increases: Statutory provisions pertaining to TRSL provide for the automatic transfer of a portion of excess investment earnings to the Experience Account to potentially fund future post-retirement benefit increases. The law pertaining to TRSL law does not provide for automatic post-retirement benefit increases, therefore, the liabilities do not explicitly include liabilities for future retiree benefit increases. However, since a portion of investment earnings will be used to potentially fund benefits which are not accrued benefits of the plan, the accrued benefits are discounted using a net discount rate. The net discount rate is determined as the expected long-term return net of investment expenses, less the expected return used to provide for administrative expenses and future retiree benefit increases. The actuarially assumed rate of return, or discount rate, reflects TRSL's specific gain sharing provisions. 50% of net investment gains, determined using the actuarial value of assets, above the statutory hurdle of \$200 million. Therefore, funding requirements include the value of TRSL provisions for future retiree benefit increases.

Employee Salary Increases: Incorporated within the salary scales (shown for periodic durations, but representing full range of assumptions) is an explicit 2.5% inflation assumption. The following salary scale is based upon years of service.

Duration (Years)	Regular Teachers	Higher Education	School Lunch A	School Lunch B
0	5.75%	10.00%	6.00%	5.50%
5	5.00%	7.00%	6.00%	5.50%
10	4.75%	4.50%	6.00%	5.50%
15	4.50%	4.00%	6.00%	4.50%
20	4.00%	4.00%	4.00%	4.00%
25	3.75%	4.00%	4.00%	4.00%
30	4.25%	3.50%	4.00%	4.00%

III. Decrement Assumptions

Mortality Assumption: Pre-retirement deaths and post-retirement life expectancies are projected in accordance with the experience of the RP-2000 Combined Healthy mortality table, projected to 2025

Disability Assumption: Rates of total and permanent disability were projected by age in accordance with the 2008-2012 disability experience of the retirement system. Rates were projected separately for Regular Teachers, Higher Education Teachers, School Lunch Plan A and School Lunch Plan B Employees. Mortality rates after disability are based on the RP-2000 Disabled Retiree mortality table with no projection. Rates of total and permanent disability are as follows:

Age	Regular Teachers	Higher Education	School Lunch A	School Lunch B
25	0.01%	0.01%	0.00%	0.00%
30	0.01%	0.01%	0.00%	0.00%
35	0.06%	0.01%	0.01%	0.00%
40	0.11%	0.01%	0.01%	0.50%
45	0.22%	0.01%	0.01%	0.50%
50	0.25%	0.08%	1.00%	1.30%
55	0.40%	0.08%	1.75%	0.80%

Termination Assumption: Voluntary withdrawal rates are derived from the 2008-2012 termination experience study.

Age	Regular Teachers				Higher Education Teachers			
	<1 Year	1-2 Years	2-3 Years	4+ Years	<1 Year	1-2 Years	2-3 Years	4+ Years
20	20.0%	20.0%	9.5%	18.0%	25.0%	25.0%	17.0%	12.0%
25	18.0%	12.6%	9.5%	9.0%	25.0%	25.0%	17.0%	12.0%
30	19.0%	12.0%	10.9%	5.3%	25.0%	16.0%	17.0%	18.0%
35	18.0%	11.7%	9.5%	4.0%	22.0%	17.5%	13.0%	12.0%
40	16.5%	12.3%	9.0%	3.7%	23.0%	18.5%	15.0%	10.0%
45	16.3%	9.9%	9.0%	4.0%	19.0%	11.6%	15.0%	10.0%
50	17.5%	11.2%	9.0%	4.0%	18.5%	10.8%	6.0%	9.0%
55	17.5%	10.6%	9.0%	4.0%	20.0%	10.4%	14.0%	9.0%
60	20.0%	10.6%	9.0%	4.0%	15.0%	16.0%	9.0%	6.0%

Years of Service	School Lunch A	School Lunch B
25	14.0%	4.0%
30	14.0%	4.0%
35	14.0%	4.0%
40	14.0%	4.0%
45	14.0%	4.0%
50	14.0%	4.0%

For members terminating with vested benefits, it is assumed that 80% will not withdraw their accumulated employee contribution, and will receive a benefit beginning at age 60.

Retirement/DROP Assumption: Retirement rates were projected based upon the 2008-2012 experience study Rates illustrated below are the probability that a member will retire or begin DROP participation

Age	Teachers			University			Lunch A		Lunch B
	< 25 Years	25-29 Years	30+ Years	< 25 Years	25-29 Years	30+ Years	< 30 Years	>= 30 Years	All Years
50	3 0%	5 0%	30%	7%	8%	12%	60%	30%	0%
51	3%	17%	60%	7%	16%	12%	60%	30%	0%
52	3 0%	28 0%	60%	7%	16%	12%	60%	70%	0%
53	10%	28%	50%	7%	16%	20%	60%	70%	0%
54	15 0%	45 0%	40%	15%	28%	18%	60%	70%	0%
55	15%	75%	30%	15%	35%	18%	80%	70%	80%
56	15%	33%	20%	15%	20%	18%	35%	70%	80%
57	15%	25%	20%	15%	13%	28%	35%	70%	80%
58	25 0%	25 0%	20%	15%	13%	28%	35%	70%	80%
59	25%	30%	20%	15%	13%	20%	60%	70%	60%
60	25%	30%	20%	15%	13%	20%	45%	70%	50%
61	15%	30%	20%	12%	12%	20%	20%	50%	25%
62	15%	22%	25%	12%	12%	20%	20%	50%	25%
63	15%	17%	15%	12%	12%	100%	35%	50%	25%
64	20%	20%	30%	12%	12%	100%	10%	50%	25%
65	20%	20%	30%	12%	16%	100%	10%	50%	15%
66	20%	20%	30%	12%	16%	100%	10%	25%	15%
67	20%	20%	20%	12%	16%	100%	20%	25%	30%
68	20%	30%	30%	12%	16%	100%	20%	25%	45%
69	20%	30%	30%	12%	16%	100%	20%	25%	20%
70	20%	30%	40%	12%	16%	100%	20%	25%	20%

ACTUARIAL VALUATION BALANCE SHEET
June 30, 2013 and 2012

	2013	2012
Assets		
Present Assets Creditable To		
Members' Savings Account	\$ 2,518,028,501	\$ 2,487,812,862
Annuity Reserve Account	12,159,769,859	11,096,596,099
Total Present Assets	14,677,798,360	13,584,408,961
Present Value Of Prospective Contributions Payable To		
Members' Savings Account	2,337,429,169	2,425,602,339
Annuity Reserve Account		
Normal	1,611,087,339	1,731,795,039
Accrued Liability	11,586,822,275	12,108,971,023
Total Prospective Contributions	15,535,338,783	16,266,368,401
Total Assets	\$ 30,213,137,143	\$ 29,850,777,362
Liabilities		
Present Value Of Prospective Benefits Payable On Account Of		
Current Retiree Members	\$ 18,698,307,575	\$ 16,974,076,199
Current Active Members	11,138,941,870	12,340,387,542
Deferred Vested & Reciprocal Members	375,887,698	536,313,621
Total Liabilities	\$ 30,213,137,143	\$ 29,850,777,362

SUMMARY OF UNFUNDED ACTUARIAL LIABILITIES/SOLVENCY TEST
(Dollar Amounts in Millions)

Valuation Date	(1)	(2)	(3)	Actuarial Valuation Assets	Portion of Actuarial Accrued Liabilities Covered By Assets		
	Active Member Contribution	Retirees Term. Vested Inactive	Active Members Employer Fin. Portion		(1)	(2)	(3)
2008	\$ 2,100.9	\$ 15,378.1	\$ 4,611.5	\$ 15,507.8	100%	87%	0%
2009	\$ 2,227.5	\$ 15,823.1	\$ 4,788.8	\$ 13,500.8	100%	71%	0%
2010	\$ 2,340.7	\$ 16,504.0	\$ 4,830.1	\$ 12,868.5	100%	64%	0%
2011	\$ 2,432.6	\$ 16,998.8	\$ 4,665.4	\$ 13,286.3	100%	64%	0%
2012	\$ 2,487.8	\$ 17,510.4	\$ 4,541.9	\$ 13,584.4	100%	63%	0%
2013	\$ 2,518.0	\$ 19,074.2	\$ 4,425.5	\$ 14,677.8	100%	64%	0%

SUMMARY OF ACTUARIAL AND UNFUNDED ACTUARIAL LIABILITIES
(Dollar Amounts in Millions)

Valuation Date	Actuarial Accrued Liabilities	Actuarial Valuation Assets	Ratio of Assets To AAL	Unfunded AAL	Active Member Payroll	Unfunded AAL As A Percent of Active Payroll
2008	\$ 22,090.5	\$ 15,507.8	70.2%	\$ 6,582.7	\$ 3,675.0	179.1%
2009	\$ 22,839.4	\$ 13,500.8	59.1%	\$ 9,338.6	\$ 3,912.3	238.7%
2010	\$ 23,674.8	\$ 12,868.5	54.4%	\$ 10,806.3	\$ 3,977.8	271.7%
2011	\$ 24,096.8	\$ 13,286.3	55.1%	\$ 10,810.5	\$ 3,902.6	277.0%
2012	\$ 24,540.1	\$ 13,584.4	55.4%	\$ 10,955.7	\$ 3,808.8	287.6%
2013	\$ 26,017.7	\$ 14,677.8	56.4%	\$ 11,339.9	\$ 3,726.3	304.3%

RECONCILIATION OF UNFUNDED ACTUARIAL LIABILITIES
(Dollar Amounts in Thousands)

	Fiscal Year Ending			
	2013	2012	2011	2010
Unfunded Actuarial Liability at Beginning of Fiscal Year (7/1)	\$ 10,955,671	\$ 10,810,459	\$ 10,806,358	\$ 10,117,515
Interest on Unfunded Liability	903,843	891,863	891,525	834,695
Investment Experience				
Excl Chg due to Asset Val Method Change (gains) decrease UAL	(570,816)	407,233	223,289	1,183,557
Investment Experience Recognized due to Asset Val Method Change (gains) decrease UAL	(51,373)	-	-	-
Plan Experience (gains) decrease UAL	(71,795)	(322,081)	(398,487)	(32,650)
Employer Amortization Payments (payments) decrease UAL	(919,797)	(865,249)	(818,152)	(644,194)
Employer Contribution Variance (excess contributions) decrease UAL	11,401	(7,170)	105,926	148,936
Experience Account Allocation (allocations) decrease UAL	211,094	-	-	-
Other - Miscellaneous gains and losses from transfers or Acts of the Legislature	871,682	40,616	-	(801,501)
Unfunded Actuarial Liability at End of Fiscal Year (6/30)	<u>\$ 11,339,910</u>	<u>\$ 10,955,671</u>	<u>\$ 10,810,459</u>	<u>\$ 10,806,358</u>

AMORTIZATION OF UNFUNDED ACTUARIAL ACCRUED LIABILITY
June 30, 2013

Description	Amtz. Method	Amtz. Period	Initial Liability	Years Reman	Remaining Balance	Mid-Year Payment
OAB	Note 1	16	2,612,612,675	16	2,612,612,675	219,564,651
EAAB	Note 2,3	27	4,064,252,065	27	4,064,252,065	291,113,415
2009 Change in Liability	L	26	2,866,088,782	26	2,866,088,782	255,124,962
2010 Change in Liability	L	27	1,119,279,127	27	1,119,279,127	98,492,054
2011 Change in Liability	L	28	(172,122,180)	28	(172,122,180)	(14,987,193)
2012 Change in Liability	L	29	124,707,329	29	124,707,329	10,754,196
2013 Change in Liability	L	30	(257,203,191)	30	(257,203,191)	(21,984,247)
2013 Assumption Change	L	30	871,681,891	30	871,681,891	74,506,345
2013 Asset Val Meth Change	L	30	(25,686,598)	30	<u>(25,686,598)</u>	<u>(2,195,542)</u>
Total Outstanding Balance					\$ 11,203,609,900	\$ 910,388,641
Employers Credit Balance						
Contribution Variance	L	1	(10,341,689)	1	(10,341,689)	(10,747,398)
Contribution Variance	L	2	66,729,412	2	66,729,412	36,007,220
Contribution Variance	L	3	68,511,720	3	68,511,720	25,581,278
Contribution Variance	Note 3	0	-	0	-	-
Contribution Variance	L	5	11,400,601	5	<u>11,400,601</u>	<u>2,747,566</u>
Total Credit Balance					\$ 136,300,044	\$ 53,588,666
Total Unfunded Actuarial Accrued Liability					\$ 11,339,909,944	\$ 963,977,307

The equivalent single amortization period, calculated in accordance with GASB Statement 25, paragraphs 36f and 43, is 20 years

Note 1: Act 497 of 2009 created the Original Amortization Base, effective July 1, 2010, which combines the following schedules 1993 (Initial Liability), 1993 (Change in Liability), 1994 – 1996, 1998-2000, 2005-2008. The new combined balance is reduced by applying funds from the IUAL Fund, excluding the subaccount of this fund. Payment will increase by 7.0% for 3 years, 6.5% for 4 years, and thereafter at 2% until paid off in 2029.

Note 2: Act 497 of 2009 created the Experience Account Amortization Base, which combines the following schedules 1997, 2001 – 2003, 2004 (the liability resulting from Act 588 of 2004 which zeroed out the Experience Account), and 2008. The new combined balance is reduced by applying funds from the subaccount of the IUAL Fund, which were transferred from the Experience Account on June 30, 2009. Payments will increase by 7.0% for 3 years, 6.5% for 4 years, and will be level thereafter until paid off in 2040.

Note 3: The 2012 contribution variance surplus is used to reduce and re-amortize the EAAB, per Act 497 of 2009.

MEMBERSHIP DATA

Data regarding the membership of the System for valuation were furnished by the System

<u>Active Members</u>	<u>2013</u>		<u>2012</u>	
	<u>Census</u>	<u>Avg. Sal.</u>	<u>Census</u>	<u>Avg. Sal.</u>
Regular Teachers ¹	69,832	\$ 43,158	70,816	\$ 43,196
Higher Education ¹	8,807	58,669	8,980	58,671
School Lunch A	22	22,442	46	22,616
School Lunch B	1,187	18,534	1,220	18,906
Active After DROP	3,062	56,613	3,451	57,615
Total	<u>82,910</u>	<u>\$ 44,945</u>	<u>84,513</u>	<u>\$ 45,067</u>

Males (%)	17 7%	17 6%
Females (%)	82 3%	82 4%

Valuation Salaries	\$3,726,325,750	\$3,808,760,594
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<u>Inactive Members</u>	<u>2013</u>	<u>2012</u>
Due Refunds	18,355	18,069
Vested & Reciprocals	5,991	6,439

<u>Annuitants and Survivors</u>	<u>2013</u>		<u>2012</u>	
	<u>Census</u>	<u>Avg. Ben.</u>	<u>Census</u>	<u>Avg. Ben.</u>
Retirees	60,714	\$ 24,522	57,619	\$ 24,305
Disabilities	4,049	11,560	3,993	11,360
Survivors	6,268	17,326	6,045	17,017
DROP	2,451	33,457	2,637	33,507
Total	<u>73,482</u>	<u>\$ 23,492</u>	<u>70,294</u>	<u>\$ 23,288</u>

¹ Members employed by Lab Schools were reclassified as Regular Teachers for purposes of the actuarial valuation beginning in 2013. These members were previously included with Higher Education.

HISTORICAL MEMBERSHIP DATA**HISTORY OF ACTIVE MEMBERSHIP DATA**

Year Ended 6/30	Number of Active Members	Percentage Change In Membership	Annual Active Member Payroll *	Annual Active Member Average Payroll	Percentage Change In Payroll
2008	85,979	4.00%	\$ 3,675,014	\$ 42,744	13.97%
2009	88,206	2.59%	\$ 3,912,326	\$ 44,354	6.46%
2010	88,783	0.65%	\$ 3,977,819	\$ 44,804	1.67%
2011	86,742	-2.30%	\$ 3,902,647	\$ 44,991	-1.89%
2012	84,513	-2.57%	\$ 3,808,761	\$ 45,067	-2.41%
2013	82,910	-1.90%	\$ 3,726,326	\$ 44,944	-2.16%

* Dollar Amounts in Thousands

HISTORY OF ANNUITANTS AND SURVIVOR ANNUITANT MEMBERSHIP

Year Ending 6/30	Total Members		Members Added		Members Removed		Average Annuity	Percentage Change in Annuity
	No.	Amount	No.	Amount	No.	Amount		
2008	61,070	\$ 1,305,367	2,704	\$ 66,525	1,164	\$ 17,354	\$ 21,375	7.2%
2009	62,417	\$ 1,356,439	2,556	\$ 65,723	1,209	\$ 15,560	\$ 21,732	3.9%
2010	63,940	\$ 1,411,613	2,733	\$ 72,079	1,210	\$ 16,905	\$ 22,077	4.1%
2011	65,512	\$ 1,471,714	2,804	\$ 74,719	1,232	\$ 14,618	\$ 22,465	4.3%
2012	67,657	\$ 1,548,632	3,250	\$ 89,195	1,105	\$ 12,277	\$ 22,889	5.2%
2013	71,031	\$ 1,644,238	4,442	\$ 106,246	1,068	\$ 10,641	\$ 23,148	6.2%

SUMMARY OF PLAN PROVISIONS

The Teachers' Retirement System of Louisiana (TRSL) was enacted by Act No 83 in 1936 Initially, the plan covered classroom teachers (Regular Plan), but membership has expanded to participating agencies, and the merger of School Lunch Employees Employees of school food services that have not terminated their agreement with the Department of Health, Education and Welfare participate in (Plan A) Food service programs at schools without agreements enroll employees in (Plan B)

The purpose of the plan is to provide benefits to members and their dependents at retirement or in the event of death, disability or termination of employment TRSL is a defined benefit plan and is funded on an actuarial reserve basis as prescribed by law

ADMINISTRATION

The plan is governed by Title 11 Sections 700-999 of the Louisiana Revised Statutes The Board of Trustees is composed of 17 members, one elected member from each of seven membership districts, one elected member from colleges and universities, one elected member from parish and city superintendents of schools, one elected school food services member, two elected retired members, and five ex officio members. Elected members serve staggered four year terms The Treasurer, Chairman of the House Retirement Committee, Chairman of the Senate Retirement Committee, State Commissioner of Administration and State Superintendent of Public Education serve as ex officio members

The Board of Trustees appoints an Executive Director who is responsible for the operation of the system The Board also retains other consultants as deemed necessary Administrative expenses are paid entirely from investment earnings

MEMBER CONTRIBUTIONS

Members contribute a percentage of their gross compensation, depending on plan of participation

<u>REGULAR PLAN</u>	<u>PLAN A</u>	<u>PLAN B</u>
8 0%	9 1%	5 0%

Member contributions have been tax-deferred for federal income tax purposes since January 1, 1990 Therefore, contributions after the effective date are not considered as income for federal income tax purposes until withdrawn through refund or through payment of benefits

EMPLOYER CONTRIBUTIONS

All participating employers, regardless of plan of participation, contribute a percentage of their total gross payroll to the system The employer percentage is actuarially determined and is sufficient to pay annual accruals plus an amortization charge which liquidates the system's unfunded liability as required by law The employer rate is subject to a statutory minimum of 15 5% per Act 588 of 2004 The rate is determined annually and recommended by the Public Retirement System's Actuarial Committee to the State Legislature

SUMMARY OF PLAN PROVISIONS (Continued)

TERMINATION

A member who terminates covered employment, regardless of plan membership, may request a refund of the member's contributions without interest. Upon re-employment, a member may reinstate the credit forfeited through termination of previous membership by repaying the refunded contributions plus interest. A member who terminates covered employment with 5 years of service may, in lieu of a refund of contributions, elect to receive a monthly annuity upon attainment of age 60.

RETIREMENT BENEFITS

Service retirement benefits are payable to members who have terminated covered employment and met both age and service eligibility requirements.

Normal Retirement

Regular Plan - Members whose first employment makes them eligible for membership in a Louisiana state retirement system on or after January 1, 2011 may retire with a 2.5% accrual rate after attaining age sixty with at least 5 years of service credit and are eligible for an actuarially reduced benefit with 20 years of service at any age. All other members, if initially hired on or after July 1, 1999, are eligible for a 2.5% accrual rate at the earliest of age 60 with 5 years of service, age 55 with 25 years of service, or at any age with 30 years of service. Members may retire with an actuarially reduced benefit with 20 years of service at any age. If hired before July 1, 1999, members are eligible for a 2% accrual rate at the earliest of age 60 with 5 years of service, or at any age with 20 years of service and are eligible for a 2.5% accrual rate at the earliest of age 65 with 20 years of service, age 55 with 25 years of service, or at any age with 30 years of service.

Plan A - Members may retire with a 3.0% annual accrual rate at age 55 with 25 years of service, age 60 with 5 years of service or 30 years of service, regardless of age.

Plan B - Members may retire with a 2.0% annual accrual rate at age 55 with 30 years of service, or age 60 with five years of service.

Benefit Formula

For all plans, retirement benefits are based on a formula which multiplies the final average compensation by the applicable accrual rate, and by the years of creditable service. For regular and Plan B teachers whose first employment makes them eligible for membership in a Louisiana state retirement system on or after January 1, 2011, final average compensation is defined as the highest average sixty month period. For all other members, final average compensation is defined as the highest average thirty-six month period.

Payment Options

A retiring member is entitled to receive the maximum benefit payable until the member's death. In lieu of the maximum benefit, the member may elect to receive a reduced benefit payable in the form of a Joint and Survivor Option, or a reduced benefit with a lump sum payment which cannot exceed 36 monthly benefit payments.

Effective July 1, 2009, members may make an irrevocable election at retirement to receive an actuarially reduced benefit which increases 2.5% annually, beginning on the first retirement anniversary date, but not before age 55 or before the retiree would have attained age 55 in the case of a surviving spouse. This option can be chosen in combination with the above options.

SUMMARY OF PLAN PROVISIONS (Continued)

DEFERRED RETIREMENT OPTION PROGRAM (DROP)

In lieu of terminating employment and accepting a service retirement, an eligible member may begin participation on the first retirement eligibility date for a period not to exceed the 3rd anniversary of retirement eligibility. Delayed participation reduces the three year participation period. During participation, benefits otherwise payable are fixed, and deposited in an individual DROP account.

Upon termination of DROP, the member may continue employment and earn additional accruals to be added to the fixed pre-DROP benefit.

Upon termination of employment, the member is entitled to the fixed benefit plus an additional benefit based on post-DROP service, plus the individual DROP account balance which can be paid in a lump sum, or an additional annuity based upon the account balance.

DISABILITY RETIREMENT BENEFITS

Active members whose first employment makes them eligible for membership in a Louisiana state retirement system before January 1, 2011 and who have five or more years of service credit are eligible for disability retirement benefits if certified by the medical board to be disabled from performing their job. All other members must have at least 10 years of service to be eligible for a disability benefit.

Regular Plan - An eligible member shall be entitled to a pension equal to 2.5% of average compensation, however, in no event shall the disability benefit be less than the lesser of (a) 40% of the state minimum salary for a beginning teacher with a bachelor's degree, or (b) 75% of average compensation.

Plan A - An eligible member shall be entitled to a service retirement benefit, but not less than 60%, nor more than 100% of final average compensation.

Plan B - An eligible member shall be entitled to a service retirement benefit, but not less than 30%, nor more than 75% of final average compensation.

SURVIVOR BENEFITS

A surviving spouse with minor children of an active member with 5 years of creditable service (2 years immediately prior to death) or 20 years of creditable service is entitled to a benefit equal to the greater of (a) \$600 per month, or (b) 50% of the member's benefit calculated at the 2.5% accrual rate for all creditable service. When a minor child(ren) is no longer eligible to receive survivor benefits, the spouse's benefit reverts to a survivor benefit in accordance with the provisions for a surviving spouse with no minor child(ren). Benefits for the minor child(ren) cease when he/she is no longer eligible.

Each minor child (maximum of 2) shall receive an amount equal to the greater of (a) 50% of the spouses benefit, or (b) \$300 (up to 2 eligible children). Benefits to minors cease at attainment of age 18, marriage or age 23 if enrolled in an approved institution of higher education.

A surviving spouse without minor children of an active member with 10 years of creditable service (2 years immediately prior to death) or 20 years of creditable service is entitled to a benefit equal to the greater of (a) \$600 per month, or (b) the option 2 equivalent of the benefit calculated at the 2.5% accrual rate for all creditable service.

SUMMARY OF PLAN PROVISIONS (Continued)

PERMANENT BENEFIT INCREASES

Permanent benefit increases, previously referred to as cost of living adjustments, are permitted provided there are sufficient funds in the Employee Experience Account to fund the increase in the retiree reserves if approved by concurrent resolution of both houses as provided by law. Beginning July 1, 2009, the Employee Experience Account is credited with fifty percent of excess investment income above \$200,000,000. Excess investment income is investment income over the actuarial valuation rate. The Employee Experience Account balance is limited to the funds necessary to fund two such increases. The Experience Account is debited for the increase in actuarial accrued liability resulting from the increase. Balances in the Employee Experience Account accrue interest at the average actuarial yield for the System portfolio.

If the actuarial rate of return for the prior plan year is at least 8.0%, regardless of the actuarial valuation rate, the benefit increase is limited to the lesser of 3% or the increase in the CPI-U for the calendar year immediately preceding the increase. If the actuarial rate of return for the prior plan year is less than 8.0%, regardless of the actuarial valuation rate, the increase is limited to the lesser of 2% or the increase in the CPI-U for the calendar year immediately preceding the increase, provided the System is at least 80% funded. If the actuarial rate of return for the prior plan year is less than the actuarial valuation rate and the System is not at least 80% funded, no increase can be granted.

Benefits are restricted to those retirees who have attained the age of 60 and have been retired for at least one year. The minimum age 60 for the receipt of a benefit increase does not apply to disability retirees. The increase is based on the first seventy thousand dollars of the retiree's annual benefit, indexed annually for years after 2001. No partial COLA can be granted if Experience Account balance is not sufficient for a full increase. The Board of Trustees must recommend that the system be permitted to grant the COLA. The Legislative Actuary must agree to the cost of the COLA determined by the system actuary and the increase must be approved with a two-thirds vote of each house of the Legislature.

RECENT CHANGES TO PLAN PROVISIONS

Act 483 of 2012 created a cash balance plan for all Higher Education members of TRSL whose first employment with membership in a state retirement system affected by the Act occurred on or after July 1, 2013. Legislation was subsequently passed delaying the implementation of the Act. In June 2013, the Louisiana Supreme Court ruled that the plan enacted in 2012 was passed unconstitutionally. Given the Supreme Court's ruling, the plan will not take effect.

STATISTICAL SECTION

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Introduction

The objective of the statistical section is to provide financial statement users with historical perspective, context, and detail to assist in using the information in the financial statements and the notes to the financial statements to better understand and assess TRSL's economic condition

Contents

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Financial Trends

102-105

These schedules show financial trend information that assists users in understanding and assessing how TRSL's financial position has changed over time. The financial trend schedules presented are

- Ten-Year Statements of Net Position
- Ten-Year Statements of Changes in Net Position

Demographic Information

106-109

This information is intended to assist users in understanding the environment in which TRSL operates and to provide information that facilitates comparisons of financial statement information over time and among governments. The demographic information includes.

- Number of Active, Terminated Vested, and Nonvested Members
- Number of Service Retirees, Disability Retirees, and Beneficiaries Receiving Benefits
- Number of Benefit Recipients
- Schedule of Retired Members by Type of Benefit

Operating Information

110-119

These schedules are intended to provide contextual information about TRSL's operation to assist in using financial statement data. The operating information shown includes

- Total Benefit Payments
- Ten-Year Average Monthly Benefit Payments
- Benefit and Refund Expenses by Type
- Revenues by Source
- Expenses by Type
- Ten Largest Employers
- Map – State of Louisiana (Total Active Members)
- Map – Location of TRSL Retirees Worldwide

Ten-Year Statements of Net Position (2013-2004)

	2013	2012	2011	2010	2009
Assets					
Cash and cash equivalents	\$ 199,799,910	\$ 198,662,009	\$ 193,169,842	\$ 150,796,599	\$ 131,091,325
Receivables					
Member contributions	55,939,595	58,959,885	56,787,814	59,257,475	61,727,888
Employer contributions	148,946,822	154,172,412	123,373,311	96,897,980	97,504,616
ORP contributions retained	8,119,870	8,225,256	6,636,474	4,279,761	3,867,065
Pending trades	1,176,407,754	722,016,691	659,633,553	36,016,308	119,795,990
Accrued interest and dividends	35,716,156	34,697,700	29,523,435	28,455,058	33,408,160
Other receivables	<u>9,340,947</u>	<u>4,274,694</u>	<u>5,454,916</u>	<u>7,135,659</u>	<u>5,139,276</u>
Total receivables	<u>1,434,471,144</u>	<u>982,346,638</u>	<u>881,409,503</u>	<u>232,042,241</u>	<u>321,442,995</u>
Investments, at fair value					
Domestic bonds	1,611,411,082	1,477,406,933	1,374,952,322	1,319,516,370	1,422,286,805
International bonds	1,162,848,924	972,447,063	669,538,563	569,848,847	626,067,234
Domestic common and preferred stocks	4,322,095,263	3,794,815,270	3,975,570,172	3,203,068,233	3,151,788,583
International common and preferred stocks	3,148,691,961	2,904,306,050	4,094,745,522	3,189,810,406	2,555,387,559
Domestic short-term investments	1,005,978,360	884,290,767	738,220,668	712,442,177	671,061,232
International short-term investments	0	0	0	0	0
Alternative investments	<u>3,927,445,271</u>	<u>3,874,754,802</u>	<u>3,373,867,143</u>	<u>2,746,289,789</u>	<u>2,552,104,029</u>
Total investments	<u>15,178,470,861</u>	<u>13,908,020,885</u>	<u>14,226,894,390</u>	<u>11,740,975,822</u>	<u>10,978,695,442</u>
Invested securities lending collateral					
Collateral held under domestic securities lending program	1,765,304,577	1,228,078,574	912,105,082	939,717,625	437,332,021
Collateral held under international securities lending program	<u>207,671,793</u>	<u>298,184,029</u>	<u>281,035,076</u>	<u>259,982,342</u>	<u>310,312,098</u>
Total securities lending collateral	<u>1,972,976,370</u>	<u>1,526,262,603</u>	<u>1,193,140,158</u>	<u>1,199,699,967</u>	<u>747,644,119</u>
Building at cost, net of accumulated depreciation	2,570,959	2,753,356	2,891,170	2,707,983	2,833,655
Capital Assets, at cost, net of accumulated depreciation	598,520	536,947	549,221	683,008	743,709
Land	<u>858,390</u>	<u>858,390</u>	<u>858,390</u>	<u>858,390</u>	<u>858,390</u>
Total assets	<u>18,789,746,154</u>	<u>16,619,440,828</u>	<u>16,498,912,674</u>	<u>13,327,764,010</u>	<u>12,183,309,635</u>
Liabilities					
Accounts payable	9,022,716	8,441,985	9,112,130	8,167,523	7,296,980
Benefits payable	3,199,914	3,239,919	12,864,067	10,819,919	9,896,296
Refunds payable	6,208,406	6,725,777	6,299,057	6,356,179	6,705,543
Pending trades payable	1,296,798,626	875,316,043	690,646,242	72,754,781	150,091,261
Other liabilities	<u>11,303,262</u>	<u>10,470,780</u>	<u>9,640,439</u>	<u>8,534,257</u>	<u>11,394,139</u>
Total accounts payable and other liabilities	<u>1,326,532,924</u>	<u>904,194,504</u>	<u>728,561,935</u>	<u>106,632,659</u>	<u>185,384,219</u>
Securities lending collateral					
Obligations under domestic securities lending program	1,765,304,577	1,228,078,574	912,105,082	939,717,625	437,332,021
Obligations under international securities lending program	<u>207,671,793</u>	<u>298,184,029</u>	<u>281,035,076</u>	<u>259,982,342</u>	<u>310,312,098</u>
Total securities lending collateral	<u>1,972,976,370</u>	<u>1,526,262,603</u>	<u>1,193,140,158</u>	<u>1,199,699,967</u>	<u>747,644,119</u>
Total liabilities	<u>3,299,509,294</u>	<u>2,430,457,107</u>	<u>1,921,702,093</u>	<u>1,306,332,626</u>	<u>933,028,338</u>
Net assets held in trust for pension benefits	<u>\$15,490,236,860</u>	<u>\$14,188,983,721</u>	<u>\$14,577,210,581</u>	<u>\$12,021,431,384</u>	<u>\$11,250,281,297</u>

Ten-Year Statements of Net Position (2013-2004) – cont'd

	2008	2007	2006	2005	2004
Assets					
Cash and cash equivalents	\$ 36,087,141	\$ 15,294,772	\$ 59,572,968	\$ 24,677,100	\$ 30,677,716
Receivables					
Member contributions	57,451,866	57,266,938	48,790,153	48,912,587	48,885,390
Employer contributions	100,182,352	76,218,878	72,017,765	72,934,679	64,691,821
ORP contributions retained	4,230,253	3,641,433	3,498,870	3,375,808	2,319,164
Pending trades	257,071,878	170,641,032	281,323,928	52,151,909	33,712,000
Accrued interest and dividends	49,159,508	51,423,625	44,597,792	42,821,985	40,170,526
Other receivables	<u>7,551,200</u>	<u>4,579,755</u>	<u>29,173,670</u>	<u>2,473,479</u>	<u>1,518,187</u>
Total receivables	<u>475,647,057</u>	<u>363,771,661</u>	<u>479,402,178</u>	<u>222,670,447</u>	<u>191,297,088</u>
Investments, at fair value					
Domestic bonds	2,068,620,083	1,908,652,650	2,121,505,657	1,913,039,451	1,659,559,992
International bonds	791,074,725	772,811,203	449,917,634	497,213,792	560,651,839
Domestic common and preferred stocks	4,488,267,744	5,956,585,766	5,630,073,349	5,796,790,444	4,926,745,546
International common and preferred stocks	3,568,846,836	3,601,296,445	3,188,085,062	1,969,333,621	1,454,136,303
Domestic short-term investments	624,681,156	981,706,327	178,839,314	256,739,631	910,719,505
International short-term investments	0	0	24,802,808	40,210,400	0
Alternative investments	<u>3,223,390,354</u>	<u>2,824,436,837</u>	<u>2,162,400,411</u>	<u>2,017,705,199</u>	<u>2,263,185,124</u>
Total investments	<u>14,764,880,898</u>	<u>16,045,489,228</u>	<u>13,755,624,235</u>	<u>12,491,032,538</u>	<u>11,774,998,309</u>
Invested securities lending collateral					
Collateral held under domestic securities lending program	776,026,712	2,115,371,825	1,860,049,089	1,508,767,585	1,593,822,121
Collateral held under international securities lending program	<u>287,648,965</u>	<u>391,908,563</u>	<u>308,982,174</u>	<u>233,943,130</u>	<u>344,348,505</u>
Total securities lending collateral	<u>1,063,675,677</u>	<u>2,507,280,388</u>	<u>2,169,031,263</u>	<u>1,742,710,715</u>	<u>1,938,170,626</u>
Building at cost, net of accumulated depreciation	2,921,252	2,864,857	2,933,836	2,995,632	3,127,099
Capital Assets, at cost, net of accumulated depreciation	863,850	600,753	723,281	823,147	937,545
Land	<u>858,390</u>	<u>858,390</u>	<u>858,390</u>	<u>858,390</u>	<u>858,390</u>
Total assets	<u>16,344,934,265</u>	<u>18,936,160,049</u>	<u>16,468,146,151</u>	<u>14,485,767,969</u>	<u>13,940,066,773</u>
Liabilities					
Accounts payable	11,370,139	13,006,673	10,936,762	9,240,444	7,096,770
Benefits payable	8,337,907	7,217,168	5,118,886	2,077,116	2,616,254
Refunds payable	6,615,715	5,858,882	5,369,804	5,385,301	4,875,048
Pending trades payable	255,395,415	252,855,646	269,051,248	39,836,267	92,991,945
Other liabilities	<u>3,289,693</u>	<u>1,211,075</u>	<u>1,025,440</u>	<u>605,537</u>	<u>919,238</u>
Total accounts payable and other liabilities	<u>285,008,869</u>	<u>280,149,444</u>	<u>291,502,140</u>	<u>57,144,665</u>	<u>108,499,255</u>
Securities lending collateral					
Obligations under domestic securities lending program	776,026,712	2,115,371,825	1,860,049,089	1,508,767,585	1,593,822,121
Obligations under international securities lending program	<u>287,648,965</u>	<u>391,908,563</u>	<u>308,982,174</u>	<u>233,943,130</u>	<u>344,348,505</u>
Total securities lending collateral	<u>1,063,675,677</u>	<u>2,507,280,388</u>	<u>2,169,031,263</u>	<u>1,742,710,715</u>	<u>1,938,170,626</u>
Total liabilities	<u>1,348,684,546</u>	<u>2,787,429,832</u>	<u>2,460,533,403</u>	<u>1,799,855,380</u>	<u>2,046,669,881</u>
Net assets held in trust for pension benefits	<u>\$14,996,249,719</u>	<u>\$16,148,730,217</u>	<u>\$14,007,612,748</u>	<u>\$12,685,912,589</u>	<u>\$11,893,396,892</u>

Ten-Year Statements of Changes in Net Position (2013-2004)

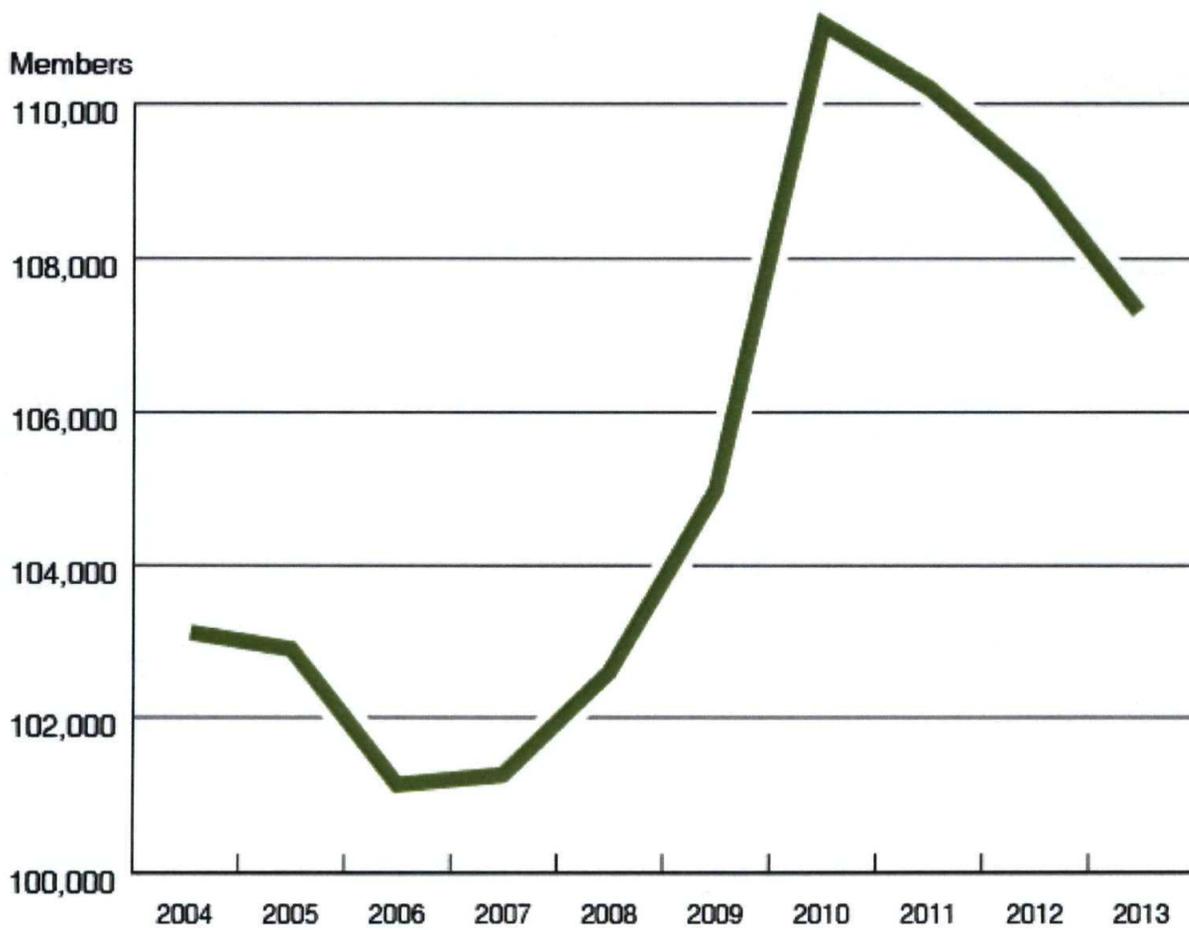
	2013	2012	2011	2010	2009
Additions					
Contributions					
Member contributions	\$ 327,767,936	\$ 333,908,454	\$ 342,323,329	\$ 347,114,632	\$ 344,547,871
Employer contributions	984,465,807	977,169,504	853,918,265	665,219,676	660,244,436
Total contributions	1,312,233,743	1,311,077,958	1,196,241,594	1,012,334,308	1,004,792,307
ORP contributions retained	111,013,985	107,420,377	89,760,676	61,339,786	54,447,510
Investment income					
From investment activities					
Net appreciation (depreciation) in fair value domestic investments	1,047,441,232	127,240,440	1,635,477,750	858,442,001	(2,349,746,089)
Net appreciation (depreciation) in fair value of international investments	376,541,424	(475,275,004)	1,038,540,671	189,051,016	(1,241,530,644)
Domestic interest	68,615,849	73,362,925	76,984,822	88,485,556	127,898,837
International interest	56,413,369	31,558,988	27,669,760	30,639,991	32,949,523
Domestic dividends	73,904,234	64,438,657	63,345,760	58,019,267	72,833,729
International dividends	101,856,483	104,499,219	97,544,773	77,539,701	78,873,116
Alternative investment income	88,784,863	77,512,719	67,989,337	41,032,314	39,105,891
Miscellaneous foreign income	15,028	9,595	331,196	88,306	7,772
Commission rebate income	0	164	10,675	6,118	482,025
Total investment income	1,813,572,482	3,347,703	3,007,894,744	1,343,304,270	(3,239,125,840)
Investment activity expenses					
International investment expenses	(4,203,417)	(6,280,152)	(5,410,956)	(4,491,280)	(3,095,851)
Alternative investment expenses	(32,400,924)	(32,342,459)	(35,504,651)	(30,548,101)	(30,910,869)
Custodian fees	(432,046)	(397,566)	(485,364)	(468,022)	(446,588)
Performance consultant fees	(759,555)	(790,809)	(738,617)	(713,829)	(1,238,734)
Trade cost analysis fees	0	0	0	0	0
Advisor fees	(32,476,075)	(30,488,685)	(29,952,344)	(27,145,172)	(26,318,814)
Total investment expenses	(70,272,017)	(70,299,671)	(72,091,932)	(63,366,404)	(62,010,856)
Net income from investing activities	1,743,300,465	(66,951,968)	2,935,802,812	1,279,937,866	(3,301,136,696)
From securities lending activities					
Securities lending income	8,979,382	9,984,572	5,708,833	4,779,079	17,685,073
Securities lending expenses					
Fixed	(139,220)	(142,943)	(1,449,599)	(1,206,030)	(3,031,970)
Equity	(853,021)	(818,912)	769,792	1,269,163	(2,565,874)
International	(352,210)	(529,007)	1,861,586	962,219	(3,199,017)
Total securities lending activities expenses	(1,344,451)	(1,490,862)	1,181,779	1,025,352	(8,796,861)
Net income from securities lending activities	7,634,931	8,493,710	6,890,612	5,804,431	8,888,212
Total net investment income (loss)	1,750,935,396	(58,458,258)	2,942,693,424	1,285,742,297	(3,292,248,484)
Other operating revenues	4,051,269	2,265,262	3,299,671	3,605,633	4,407,243
Total additions (reductions)	3,178,234,393	1,362,305,339	4,231,995,385	2,383,022,024	(2,228,601,424)
Deductions					
Retirement benefits	1,800,166,804	1,682,528,254	1,615,778,191	1,532,526,141	1,464,106,312
Refunds of contributions and other	59,712,975	50,195,898	43,005,926	40,834,543	34,418,885
TRSL employee health & life expense	974,145	1,050,097	1,477,395	1,813,334	2,502,048
Administrative expenses	15,750,180	16,317,659	15,417,596	16,154,823	15,799,028
Depreciation expense	377,150	440,291	537,060	543,096	540,725
Total deductions	1,876,981,254	1,750,532,199	1,676,216,168	1,591,871,937	1,517,366,998
Net increase (decrease)	1,301,253,139	(388,226,860)	2,555,779,197	771,150,087	(3,745,968,422)
Net assets held in trust for pension benefits					
Beginning of year	14,188,983,721	14,577,210,581	12,021,431,384	11,250,281,297	\$ 14,996,249,719
End of year	\$ 15,490,236,860	\$ 14,188,983,721	\$ 14,577,210,581	\$ 12,021,431,384	\$ 11,250,281,297

Ten-Year Statements of Changes in Net Position (2013-2004) – cont'd

	2008	2007	2006	2005	2004
Additions					
Contributions					
Member contributions	\$ 323,678,452	\$ 282,326,101	\$ 258,412,024	\$ 270,619,181	\$ 264,999,131
Employer contributions	656,091,577	544,401,879	529,983,453	517,815,361	444,104,350
Total contributions	979,770,029	826,727,980	788,395,477	788,434,542	709,103,481
ORP contributions retained	57,569,465	49,429,250	49,293,547	48,754,970	35,244,313
Investment income					
<i>From investment activities</i>					
Net appreciation (depreciation) in fair value of domestic investments	(733,440,605)	1,423,223,165	809,290,218	663,699,379	1,164,647,179
Net appreciation (depreciation) in fair value of international investments	(439,358,948)	824,462,472	584,857,302	197,833,593	323,405,540
Domestic interest	151,520,486	144,497,859	135,047,865	111,850,200	110,597,008
International interest	39,474,147	30,984,724	27,792,233	29,898,190	23,800,877
Domestic dividends	88,058,251	97,594,609	77,813,221	84,579,303	64,865,361
International dividends	108,299,133	94,658,995	68,564,525	31,583,991	41,800,161
Alternative investment income	40,521,294	58,246,838	97,733,026	108,622,676	81,696,047
Miscellaneous foreign income	104,281	0	0	0	0
Commission rebate income	617,547	566,068	675,608	571,219	1,078,487
Total investment income	(744,204,414)	2,674,234,730	1,801,773,998	1,228,638,551	1,811,890,660
Investment activity expenses					
International investment expenses	(7,885,244)	(10,188,879)	(9,493,180)	(5,710,058)	(4,995,570)
Alternative investment expenses	(20,647,902)	(18,645,253)	(28,474,213)	(64,918,175)	(49,401,029)
Custodian fees	(744,317)	(763,878)	(761,689)	(760,908)	(786,062)
Performance consultant fees	(1,233,754)	(1,202,817)	(1,077,254)	(618,996)	(507,749)
Trade cost analysis fees	(40,000)	(40,000)	(40,000)	(10,000)	(40,000)
Advisor fees	(32,881,518)	(32,298,534)	(29,802,772)	(26,020,649)	(23,311,668)
Total investment expenses	(63,432,735)	(63,139,361)	(69,649,108)	(98,038,786)	(79,042,078)
Net income from investing activities	(807,637,149)	2,611,095,369	1,732,124,890	1,130,599,765	1,732,848,582
<i>From securities lending activities</i>					
Securities lending income	32,251,979	40,981,124	22,168,519	24,508,470	13,854,504
Securities lending expenses					
Fixed	(13,202,812)	(24,866,799)	(11,354,478)	(12,174,022)	(6,053,776)
Equity	(2,018,542)	(249,396)	(249,909)	(249,954)	(249,934)
International	(9,313,289)	(9,993,981)	(5,024,341)	(7,860,336)	(1,847,440)
Total securities lending activities expenses	(24,534,643)	(35,110,176)	(16,628,728)	(20,284,312)	(8,151,150)
Net income from securities lending activities	7,717,336	5,870,948	5,539,791	4,224,158	5,703,354
Total net investment income (loss)	(799,919,813)	2,616,966,317	1,737,664,681	1,134,823,923	1,738,551,936
Other operating revenues	46,264,759	5,496,271	3,208,183	3,425,773	3,217,869
Total additions (reductions)	283,684,440	3,498,619,818	2,578,561,888	1,975,439,208	2,486,117,619
Deductions					
Retirement benefits	1,383,381,577	1,295,552,338	1,204,472,977	1,139,814,334	1,075,298,667
Refunds of contributions and other	35,071,343	48,119,943	38,538,125	30,454,374	26,804,821
TRSL employee health & life expense	2,285,378	0	0	0	0
Administrative expenses	14,880,903	13,323,547	13,362,286	12,178,533	10,786,450
Depreciation expense	545,737	506,521	488,341	476,270	508,399
Total deductions	1,436,164,938	1,357,502,349	1,256,861,729	1,192,923,511	1,113,398,337
Net increase (decrease)	(1,152,480,498)	2,141,117,469	1,321,700,159	782,515,697	1,372,719,282
Net assets held in trust for pension benefits					
Beginning of year	\$ 16,148,730,217	\$ 14,007,612,748	\$ 12,685,912,589	\$ 11,893,396,892	\$ 10,520,677,610
End of year	\$ 14,996,249,719	\$ 16,148,730,217	\$ 14,007,612,748	\$ 12,685,912,589	\$ 11,893,396,892

Number of Active, Terminated Vested, and Nonvested Members

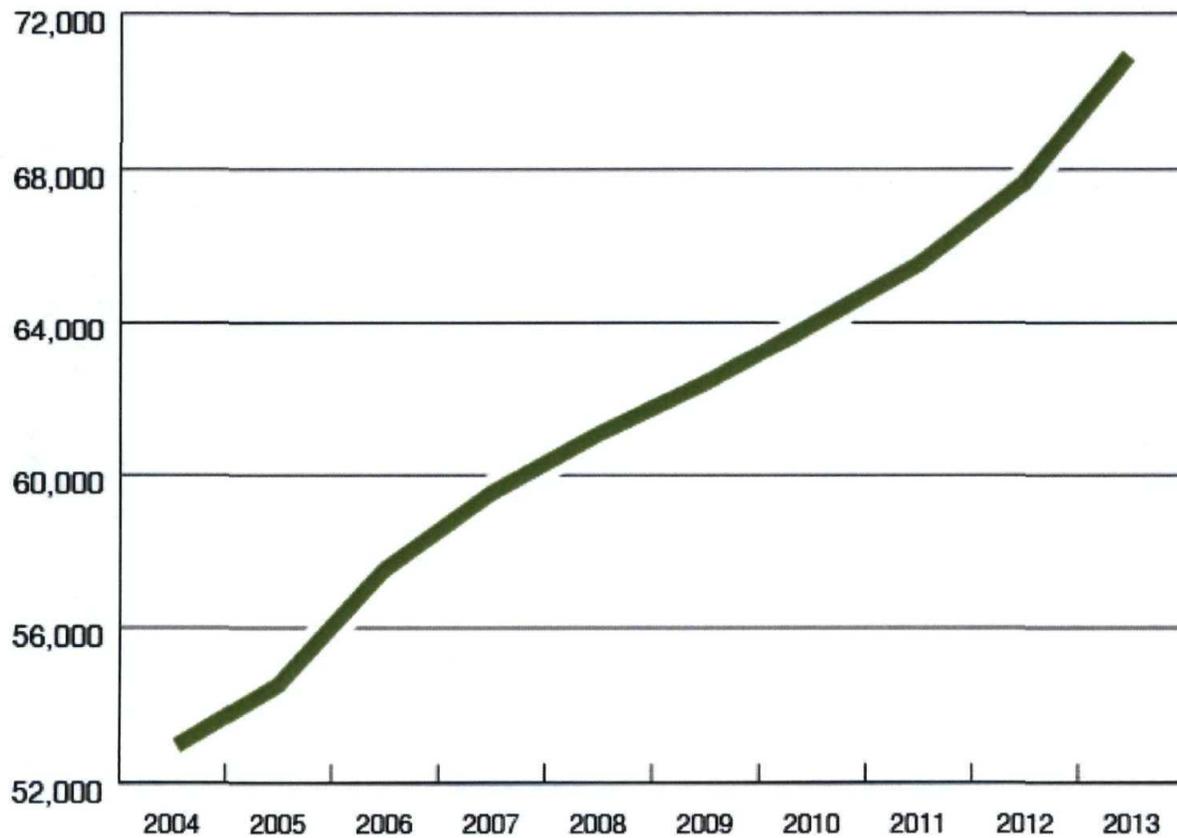
Fiscal Year	Members	% Change Each Year
2003-2004	103,125	1.9%
2004-2005	102,896	-0.2%
2005-2006	101,135	-1.7%
2006-2007	101,262	0.1%
2007-2008	102,593	1.3%
2008-2009	104,983	2.3%
2009-2010	111,030	5.8%
2010-2011	110,204	-0.7%
2011-2012	109,021	-1.1%
2012-2013	107,256	-1.6%



Number of Service Retirees, Disability Retirees, and Beneficiaries Receiving Benefits

Fiscal Year	Retirees	% Change Each Year
2003-2004	52,900	3.9%
2004-2005	54,525	3.1%
2005-2006	57,512	5.5%
2006-2007	59,530	3.5%
2007-2008	61,070	2.6%
2008-2009	62,417	2.2%
2009-2010	63,940	2.4%
2010-2011	65,512	2.5%
2011-2012	67,657	3.3%
2012-2013	71,031	5.0%

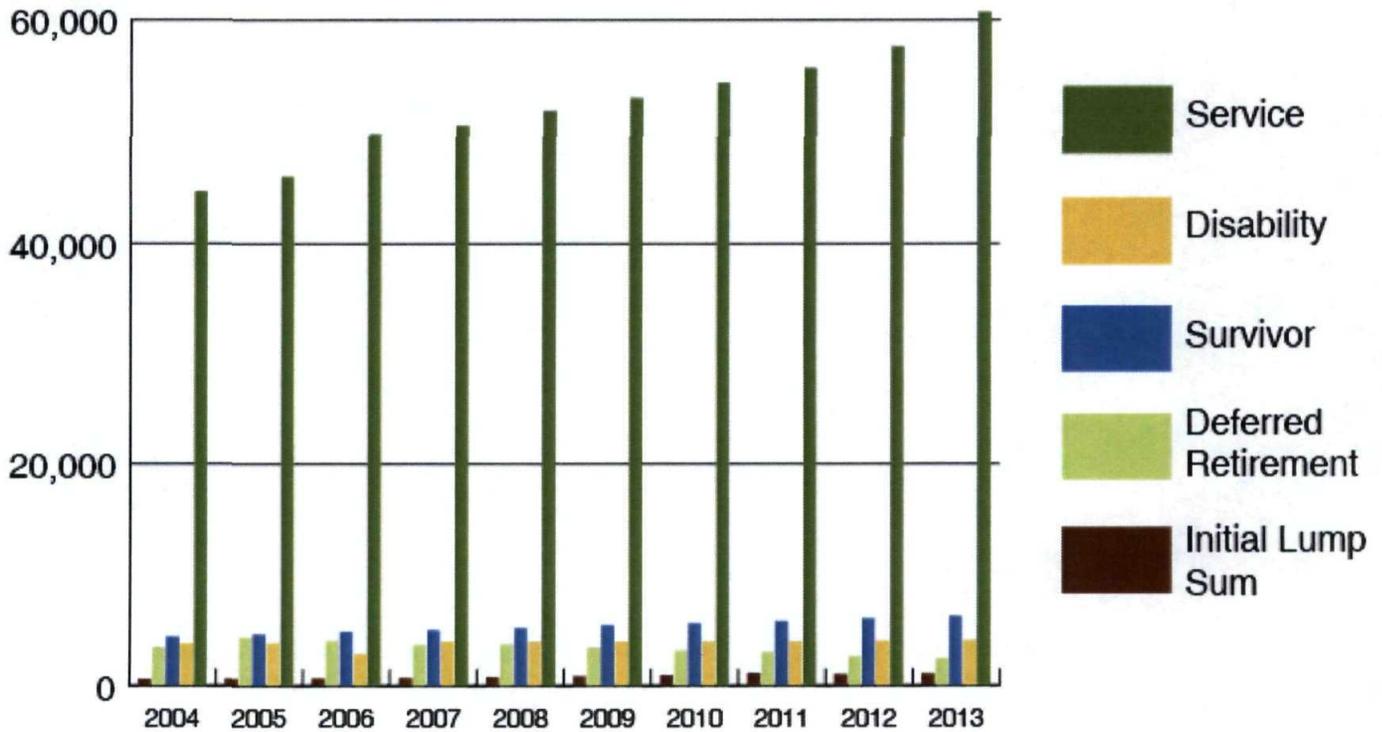
**Retirees/
Beneficiaries**



Number of Benefit Recipients

Fiscal Year	Service	Disability	Survivor	Deferred Retirement	Initial Lump Sum	Total
2003-2004	44,690	3,797	4,413	3,409	547	56,856
2004-2005	46,035	3,836	4,654	4,375	587	59,487
2005-2006	49,776	2,865	4,871	4,042	627	62,181
2006-2007	50,566	3,961	5,003	3,715	687	63,932
2007-2008	51,916	3,969	5,185	3,760	755	65,585
2008-2009	53,009	3,959	5,449	3,421	815	66,653
2009-2010	54,381	3,943	5,616	3,148	934	68,022
2010-2011	55,723	3,983	5,806	3,032	1,085	69,629
2011-2012	57,619	3,993	6,045	2,637	1,010	71,304
2012-2013	60,714	4,049	6,268	2,451	1,051	74,533

Benefit Recipients



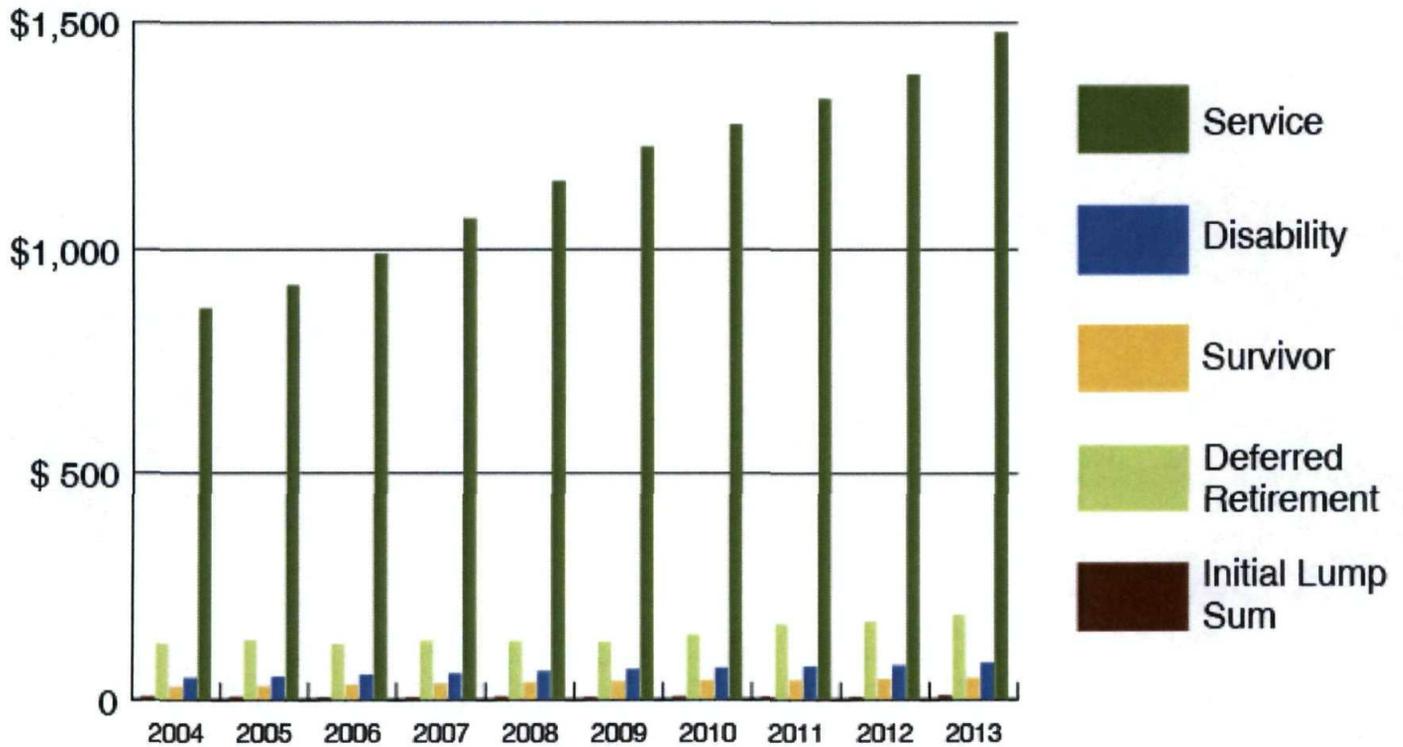
Schedule of Retired Members by Type of Benefit as of June 30, 2013
(Data include all plans)

Amount of Monthly Benefit	Service Retirees	Disability Retirees	Beneficiaries/ Survivors	Total
\$ 0 - \$ 299 99	1,609	138	551	2,298
\$ 300 - \$ 599 99	4,877	722	930	6,529
\$ 600 - \$ 899 99	5,536	1,278	1,084	7,898
\$ 900 - \$ 1,199 99	6,409	889	827	8,125
\$ 1,200 - \$ 1,499 99	5,223	461	622	6,306
\$ 1,500 - \$ 1,799 99	4,324	276	452	5,052
\$ 1,800 - \$ 2,099 99	4,239	143	395	4,777
\$ 2,100 - \$ 2,399 99	5,344	60	334	5,738
\$ 2,400 - \$ 2,699 99	5,865	30	303	6,198
\$ 2,700 - \$ 2,999 99	5,048	21	224	5,293
\$ 3,000 - \$ 3,299 99	3,885	18	167	4,070
\$ 3,300 - \$ 3,599 99	2,605	6	110	2,721
\$ 3,600 - \$ 3,899 99	1,701	4	85	1,790
\$ 3,900 - \$ 4,199 99	1,150	1	59	1,210
\$ 4,200 - \$ 4,499 99	814	0	42	856
\$ 4,500 - and above	2,085	2	83	2,170
TOTALS FOR ALL PLANS	<u>60,714</u>	<u>4,049</u>	<u>6,268</u>	<u>71,031</u>

Total Benefit Payments

Fiscal Year	Service	Disability	Survivor	Deferred Retirement	Initial Lump Sum	Total
2003-2004	\$ 870,865,365	\$ 47,329,639	\$ 28,397,784	\$ 122,905,311	\$ 5,800,568	\$ 1,075,298,667
2004-2005	921,584,123	50,086,094	30,051,656	131,811,600	6,280,861	1,139,814,334
2005-2006	991,166,824	53,867,762	32,320,657	121,703,237	5,414,497	1,204,472,977
2006-2007	1,068,519,663	58,071,721	34,843,032	128,592,267	5,525,655	1,295,552,338
2007-2008	1,149,302,721	62,462,104	37,477,263	127,670,669	6,468,820	1,383,381,577
2008-2009	1,226,455,421	66,655,186	39,993,112	125,779,104	5,223,489	1,464,106,312
2009-2010	1,273,969,481	69,237,472	41,542,483	141,897,005	5,879,700	1,532,526,141
2010-2011	1,330,518,072	72,310,765	43,386,458	165,109,914	4,452,982	1,615,778,191
2011-2012	1,386,433,318	75,349,637	45,209,782	171,044,296	4,491,221	1,682,528,254
2012-2013	1,478,883,460	80,374,101	48,224,461	184,817,090	7,867,692	1,800,166,804

Millions



Ten-Year Average Monthly Benefit Payments for Service Retirees

Fiscal Year	Status Type	Years of Service Credit									All Members
		0-5	5-10	10-15	15-20	20-25	25-30	30-35	35-40	Over 40	
2004	AVERAGE BENEFIT	\$ 191	\$ 417	\$ 557	\$ 960	\$ 1,538	\$ 2,316	\$ 2,821	\$ 3,736	\$ 4,268	\$ 2,019
2004	AVERAGE COMP	1,747	2,484	2,349	2,656	3,089	3,415	3,924	4,999	5,382	3,349
2004	RETIREE COUNT	9	96	188	243	557	1015	539	93	34	2,774
2005	AVERAGE BENEFIT	316	377	616	1,034	1,580	2,399	2,916	3,657	3,758	2,116
2005	AVERAGE COMP	3,426	2,341	2,560	2,807	3,092	3,556	4,021	4,938	4,926	3,464
2005	RETIREE COUNT	7	85	190	274	607	1,160	660	110	26	3,119
2006	AVERAGE BENEFIT	533	456	617	1,041	1,623	2,486	2,965	3,603	3,812	2,170
2006	AVERAGE COMP	2,637	2,826	2,640	2,935	3,286	3,712	4,132	4,932	4,954	3,613
2006	RETIREE COUNT	12	123	227	351	867	1,572	825	161	42	4,180
2007	AVERAGE BENEFIT	424	427	614	1,101	1,704	2,576	3,082	4,020	4,767	2,155
2007	AVERAGE COMP	2,170	2,729	2,653	3,139	3,384	3,853	4,280	5,562	5,794	3,682
2007	RETIREE COUNT	20	118	258	313	599	1,065	622	87	19	3,101
2008	AVERAGE BENEFIT	601	485	648	1,114	1,797	2,613	3,120	4,145	4,950	2,214
2008	AVERAGE COMP	3,745	2,876	2,700	3,120	3,465	3,883	4,433	5,788	6,389	3,775
2008	RETIREE COUNT	13	130	204	254	467	944	495	80	22	2,609
2009	AVERAGE BENEFIT	323	536	654	1,179	1,878	2,750	3,272	4,049	5,270	2,371
2009	AVERAGE COMP	2,865	3,141	2,788	3,308	3,715	4,141	4,632	5,879	7,695	4,052
2009	RETIREE COUNT	12	103	179	229	487	809	519	104	29	2,471
2010	AVERAGE BENEFIT	1,176	546	712	1,134	1,971	2,818	3,312	4,012	4,323	2,408
2010	AVERAGE COMP	3,583	3,238	2,969	3,281	3,915	4,225	4,722	6,066	6,330	4,147
2010	RETIREE COUNT	16	126	201	262	493	881	595	126	22	2,722
2011	AVERAGE BENEFIT	473	633	772	1,204	1,993	2,832	3,361	4,262	4,403	2,443
2011	AVERAGE COMP	2,688	2,706	2,810	2,963	3,386	3,979	4,471	5,085	5,476	3,790
2011	RETIREE COUNT	9	142	208	268	506	857	582	135	35	2,742
2012	AVERAGE BENEFIT	548	662	858	1,268	2,112	2,917	3,530	4,180	4,499	2,460
2012	AVERAGE COMP	2,157	3,634	3,348	3,468	4,112	4,321	4,558	4,459	5,101	4,114
2012	RETIREE COUNT	17	178	249	356	597	899	599	145	40	3,080
2013	AVERAGE BENEFIT	573	681	942	1,363	2,137	3,071	3,454	4,425	4,421	2,482
2013	AVERAGE COMP	2,918	3,664	3,609	3,675	4,153	4,565	4,497	4,989	4,632	4,233
2013	RETIREE COUNT	34	177	295	412	781	945	622	167	43	3,476

Ten-Year Average Monthly Benefit Payments for Disability Retirees

Fiscal Year	Status Type	Years of Service Credit									All Members
		0-5	5-10	10-15	15-20	20-25	25-30	30-35	35-40	Over 40	
2004	AVERAGE BENEFIT	\$ 911	\$ 677	\$ 751	\$ 1,066	\$ 891	\$ 1,252	\$ 0	\$ 0	\$ 0	\$ 888
2004	AVERAGE COMP	849	1,933	2,029	2,367	1,719	2,504	0	0	0	2,098
2004	RETIREE COUNT	3	49	41	66	20	11	0	0	0	190
2005	AVERAGE BENEFIT	652	646	783	988	1,017	1,648	0	0	0	868
2005	AVERAGE COMP	905	1,841	2,159	2,310	2,029	3,156	0	0	0	2,133
2005	RETIREE COUNT	2	51	56	57	23	8	0	0	0	197
2006	AVERAGE BENEFIT	749	691	825	1,076	1,345	1,709	0	0	0	929
2006	AVERAGE COMP	1,468	1,966	2,154	2,356	2,733	3,130	0	0	0	2,225
2006	RETIREE COUNT	5	63	66	62	29	2	0	0	0	227
2007	AVERAGE BENEFIT	592	689	842	1,028	1,373	1,805	0	0	0	928
2007	AVERAGE COMP	1,480	2,072	2,097	2,243	2,739	4,616	0	0	0	2,245
2007	RETIREE COUNT	7	50	63	37	28	4	0	0	0	189
2008	AVERAGE BENEFIT	808	791	902	1,166	1,430	1,015	0	0	0	981
2008	AVERAGE COMP	619	2,193	2,243	2,688	2,880	1,730	0	0	0	2,340
2008	RETIREE COUNT	4	65	51	38	22	6	0	0	0	186
2009	AVERAGE BENEFIT	869	801	948	1,287	1,201	1,266	0	0	0	1,029
2009	AVERAGE COMP	2,068	2,193	2,595	2,916	2,488	2,543	0	0	0	2,513
2009	RETIREE COUNT	3	50	28	38	18	5	0	0	0	142
2010	AVERAGE BENEFIT	903	841	1,059	1,408	1,636	1,357	832	0	0	1,207
2010	AVERAGE COMP	2,838	2,130	2,868	3,163	3,359	2,536	1,365	0	0	2,847
2010	RETIREE COUNT	2	35	39	52	20	3	1	0	0	152
2011	AVERAGE BENEFIT	862	904	1,036	1,548	1,477	1,820	0	0	0	1,220
2011	AVERAGE COMP	1,158	2,180	2,102	2,442	2,824	4,062	0	0	0	2,341
2011	RETIREE COUNT	3	41	44	44	23	3	0	0	0	158
2012	AVERAGE BENEFIT	1,054	948	1,098	1,424	0	0	0	0	0	1,148
2012	AVERAGE COMP	3,205	2,704	2,899	3,022	0	0	0	0	0	2,880
2012	RETIREE COUNT	3	30	24	27	0	0	0	0	0	84
2013	AVERAGE BENEFIT	1,129	986	1,046	1,584	833	0	0	0	0	1,215
2013	AVERAGE COMP	2,446	3,163	2,750	3,467	1,899	0	0	0	0	3,069
2013	RETIREE COUNT	2	27	43	40	3	0	0	0	0	115

Ten-Year Average Monthly Benefit Payments for Beneficiaries/Survivors

Fiscal Year	Status Type	Years of Service Credit									All Members
		0-5	5-10	10-15	15-20	20-25	25-30	30-35	35-40	Over 40	
2004	AVERAGE BENEFIT	\$ 0	\$ 428	\$ 458	\$ 722	\$ 1,032	\$ 1,296	\$ 1,889	\$ 1,798	\$ 1,604	\$ 1,196
2004	AVERAGE COMP	0	1,153	1,501	1,613	1,677	1,846	1,355	1,054	895	1,511
2004	RETIREE COUNT	0	36	49	36	78	101	80	39	11	430
2005	AVERAGE BENEFIT	1,157	467	550	785	956	1,485	1,779	1,948	1,779	1,254
2005	AVERAGE COMP	1,422	1,670	1,599	1,874	1,419	2,040	1,814	1,811	2,736	1,799
2005	RETIREE COUNT	2	28	51	56	92	119	93	39	16	496
2006	AVERAGE BENEFIT	0	406	590	854	1,035	1,467	1,590	1,761	2,087	1,187
2006	AVERAGE COMP	0	1,716	1,427	1,844	1,557	1,817	1,571	1,606	1,785	1,669
2006	RETIREE COUNT	1	35	46	70	102	133	86	29	7	509
2007	AVERAGE BENEFIT	682	524	599	787	1,015	1,322	1,582	1,881	2,640	1,175
2007	AVERAGE COMP	0	1,802	1,602	1,435	1,776	2,157	1,408	1,154	2,153	1,708
2007	RETIREE COUNT	2	38	55	66	111	142	101	38	8	561
2008	AVERAGE BENEFIT	851	423	468	902	1,024	1,517	1,893	1,859	1,828	1,302
2008	AVERAGE COMP	2,133	2,424	1,873	1,211	1,731	2,298	2,080	1,623	1,083	1,944
2008	RETIREE COUNT	6	27	65	52	88	138	124	33	9	542
2009	AVERAGE BENEFIT	371	386	504	843	1,114	1,759	1,983	1,959	2,481	1,334
2009	AVERAGE COMP	4,206	1,797	1,802	2,136	1,939	2,335	1,857	1,883	1,526	2,004
2009	RETIREE COUNT	1	43	65	72	113	126	109	38	7	574
2010	AVERAGE BENEFIT	263	439	606	846	1,261	1,593	1,753	2,119	1,543	1,292
2010	AVERAGE COMP	2,996	2,494	2,078	1,913	2,382	1,978	1,575	1,990	580	1,999
2010	RETIREE COUNT	4	44	77	70	93	133	121	38	5	585
2011	AVERAGE BENEFIT	710	350	471	659	1,099	1,492	1,856	2,372	1,829	1,267
2011	AVERAGE COMP	2,861	2,042	1,822	1,053	1,879	1,934	1,883	1,663	3,245	1,797
2011	RETIREE COUNT	5	25	51	75	112	139	113	27	6	553
2012	AVERAGE BENEFIT	337	387	523	744	1,072	1,728	2,123	3,291	2,515	1,458
2012	AVERAGE COMP	3,333	2,879	2,485	3,158	2,411	3,006	3,367	3,960	5,000	3,033
2012	RETIREE COUNT	5	20	59	61	80	124	92	27	12	480
2013	AVERAGE BENEFIT	278	432	488	752	1,248	1,709	2,344	2,638	2,689	1,447
2013	AVERAGE COMP	1,274	3,888	3,209	3,234	2,813	3,043	3,507	3,259	4,020	3,258
2013	RETIREE COUNT	2	59	56	60	73	127	96	35	9	517

Benefit & Refund Expenses by Type (2013-2004)

Benefits	2013	2012	2011	2010	2009
Service	\$1,478,883,460	\$1,386,433,318	\$ 1,330,518,072	\$ 1,273,969,481	\$ 1,226,455,421
Disability	80,374,101	75,349,637	72,310,765	69,237,472	66,655,186
Beneficiary/Survivors	48,224,461	45,209,782	43,386,458	41,542,483	39,993,112
Deferred Retirement	184,817,090	171,044,296	165,109,914	141,897,005	125,779,104
Initial Lump Sum	<u>7,867,692</u>	<u>4,491,221</u>	<u>4,452,982</u>	<u>5,879,700</u>	<u>5,223,489</u>
Total Benefits	<u>\$1,800,166,804</u>	<u>\$1,682,528,254</u>	<u>\$1,615,778,191</u>	<u>\$1,532,526,141</u>	<u>\$1,464,106,312</u>
Refunds					
Separation	\$ 38,215,111	\$ 31,596,812	\$ 26,372,462	\$ 24,607,616	\$ 21,555,743
Death	5,087,304	4,432,955	4,062,653	4,010,028	2,851,075
Return-to-Work	<u>15,850,066</u>	<u>13,109,261</u>	<u>11,813,372</u>	<u>11,592,533</u>	<u>9,032,619</u>
Total Refunds	<u>\$ 59,152,481</u>	<u>\$ 49,139,028</u>	<u>\$ 42,248,487</u>	<u>\$ 40,210,177</u>	<u>\$ 33,439,437</u>
Other					
	<u>560,494</u>	<u>1,056,870</u>	<u>757,439</u>	<u>624,366</u>	<u>979,448</u>
Total Refunds & Other	<u>\$ 59,712,975</u>	<u>\$ 50,195,898</u>	<u>\$ 43,005,926</u>	<u>\$ 40,834,543</u>	<u>\$ 34,418,885</u>

Benefit & Refund Expenses by Type (2013-2004) – cont'd

Benefits	2008	2007	2006	2005	2004
Service	\$1,149,302,721	\$1,068,519,663	\$ 991,166,824	\$ 921,584,123	\$ 870,865,365
Disability	62,462,104	58,071,721	53,867,762	50,086,094	47,329,639
Beneficiary/Survivors	37,477,263	34,843,032	32,320,657	30,051,656	28,397,784
Deferred Retirement	127,670,669	128,592,267	121,703,237	131,811,600	122,905,311
Initial Lump Sum	<u>6,468,820</u>	<u>5,525,655</u>	<u>5,414,497</u>	<u>6,280,861</u>	<u>5,800,568</u>
Total Benefits	<u>\$1,383,381,577</u>	<u>\$1,295,552,338</u>	<u>\$1,204,472,977</u>	<u>\$1,139,814,334</u>	<u>\$1,075,298,667</u>
Refunds					
Separation	24,146,622	38,512,963	30,818,870	22,119,501	20,961,126
Death	3,246,131	3,376,994	2,884,700	4,054,866	2,474,229
Return-to-Work	<u>6,892,785</u>	<u>5,689,294</u>	<u>4,853,337</u>	<u>4,217,555</u>	<u>3,279,290</u>
Total Refunds	<u>\$ 34,285,538</u>	<u>\$ 47,579,251</u>	<u>\$ 38,556,907</u>	<u>\$ 30,391,922</u>	<u>\$ 26,714,645</u>
Other					
	<u>785,805</u>	<u>540,692</u>	<u>(18,782)</u>	<u>62,452</u>	<u>90,176</u>
Total Refunds & Other	<u>\$ 35,071,343</u>	<u>\$ 48,119,943</u>	<u>\$ 38,538,125</u>	<u>\$ 30,454,374</u>	<u>\$ 26,804,821</u>

Revenues by Source

Fiscal Year	Member	Employer	Retained*	ACTS 642 & 7	Net Investment Income (Loss)	Other Operating Revenues	Total
2003-2004	\$ 264,999,131	\$ 444,104,350	\$ 35,244,313		\$1,738,551,936	\$ 3,217,889	\$ 2,486,117,619
2004-2005	270,619,181	517,815,361	48,754,970		1,134,823,923	3,425,773	1,975,439,208
2005-2006	258,412,024	503,583,453	49,293,547	\$ 26,400,000**	1,737,664,681	3,208,183	2,578,561,888
2006-2007	282,326,101	544,401,879	49,429,250		2,616,966,317	5,496,271	3,498,619,818
2007-2008	323,678,452	656,091,577	57,569,465	40,000,000***	(799,919,813)	6,264,759	283,684,440
2008-2009	344,547,871	660,244,436	54,447,510		(3,292,248,484)	4,407,243	(2,228,601,424)
2009-2010	347,114,632	665,219,676	61,339,786		1,285,742,297	3,605,633	2,363,022,024
2010-2011	342,323,329	853,918,265	89,760,676		2,942,693,424	3,299,671	4,231,995,365
2011-2012	333,908,454	977,169,504	107,420,377		(58,458,258)	2,265,262	1,362,305,339
2012-2013	327,767,936	984,465,807	111,013,985		1,750,935,396	4,051,269	3,178,234,393

*Refers to the ORP administrative fee (05 percent of member contributions) and UAL payments for ORP participants retained by TRSL

** Act 642 of 2006

***Act 7 of 2008

Expenses by Type

Fiscal Year	Benefits	Refunds/Other	Administrative Expenses	Depreciation Expense	Total
2003-2004	\$ 1,075,298,667	\$ 26,804,821	\$ 10,786,450	\$ 508,399	\$ 1,113,398,337
2004-2005	1,139,814,334	30,454,374	12,178,533	476,270	1,182,923,511
2005-2006	1,204,472,977	38,538,125	13,362,286	488,341	1,256,861,729
2006-2007	1,295,552,338	48,119,943	13,323,547	506,521	1,357,502,349
2007-2008	1,385,666,955*	35,071,343	14,880,903	545,737	1,436,164,938
2008-2009	1,466,608,360*	34,418,885	15,799,028	540,725	1,517,366,998
2009-2010	1,534,339,475*	40,834,543	16,154,823	543,096	1,591,871,937
2010-2011	1,617,255,586*	43,005,926	15,417,596	537,060	1,676,216,168
2011-2012	1,683,578,351*	50,195,898	16,317,659	440,291	1,750,532,199
2012-2013	1,801,140,949*	59,712,975	15,750,180	377,150	1,876,981,254

*Includes Other Post- Employment Benefits (OPEB) expense

Ten Largest Employers (Statistical)

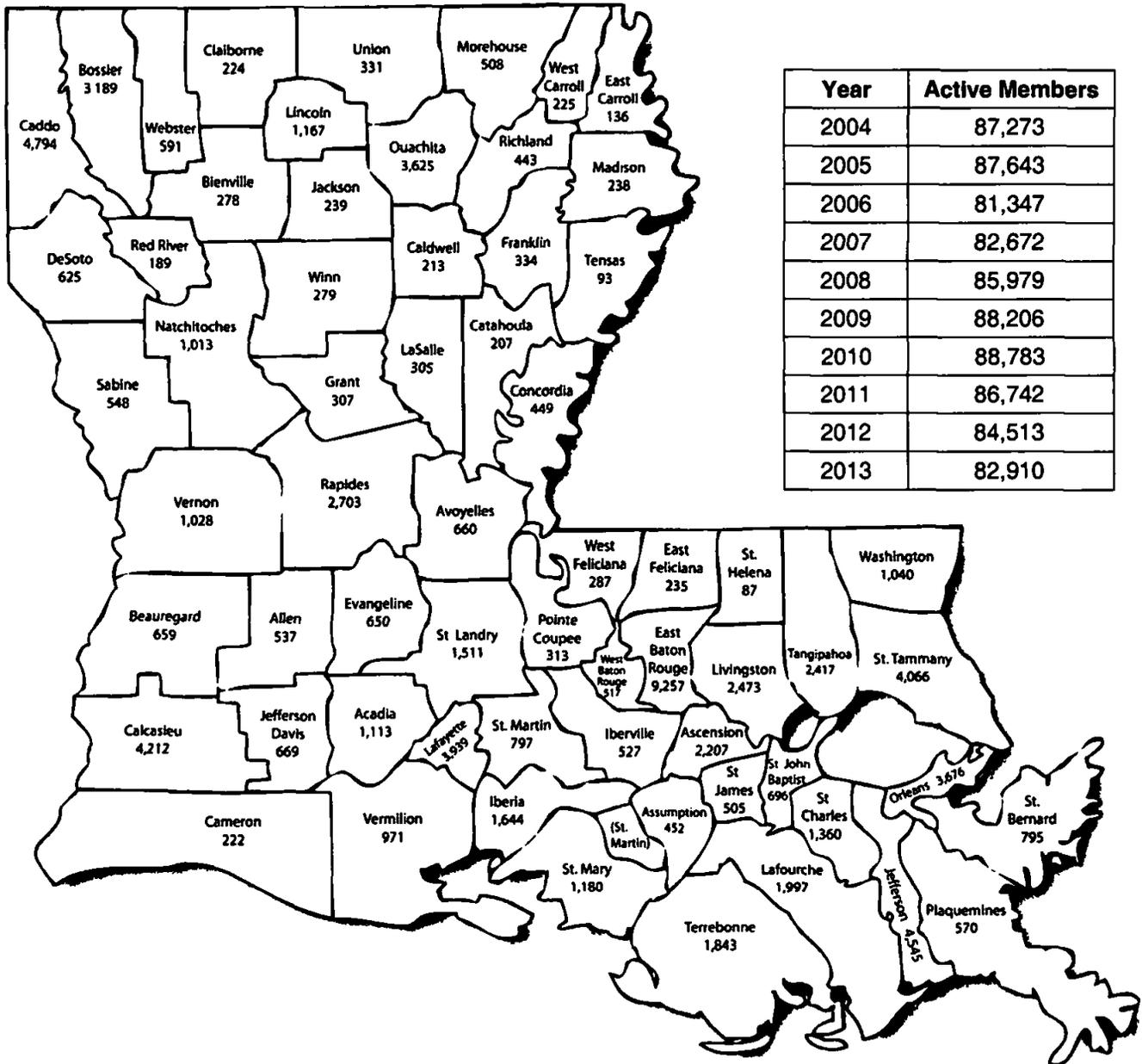
	# of Employees	% of Total Employees		# of Employees	% of Total Employees
2013			2012		
<i>Caddo Parish School Board</i>	4,700	6%	<i>Caddo Parish School Board</i>	4,872	6%
<i>EBR Parish School Board</i>	4,597	5%	<i>EBR Parish School Board</i>	4,697	6%
<i>Jefferson Parish School Board</i>	4,487	5%	<i>Jefferson Parish School Board</i>	4,680	5%
<i>St. Tammany Parish School Board</i>	4,063	5%	<i>St. Tammany Parish School Board</i>	4,105	5%
<i>Calcasieu Parish School Board</i>	3,878	5%	<i>Calcasieu Parish School Board</i>	3,852	5%
<i>Lafayette Parish School Board</i>	3,345	4%	<i>Lafayette Parish School Board</i>	3,300	4%
<i>Rapides Parish School Board</i>	2,664	3%	<i>Rapides Parish School Board</i>	2,637	3%
<i>Livingston Parish School Board</i>	2,473	3%	<i>Livingston Parish School Board</i>	2,479	3%
<i>Bossier Parish School Board</i>	2,212	3%	<i>Ouachita Parish School Board</i>	2,217	3%
<i>Ascension Parish School Board</i>	2,152	3%	<i>Bossier Parish School Board</i>	2,188	3%
2011			2010		
<i>Caddo Parish School Board</i>	5,204	6%	<i>Caddo Parish School Board</i>	5,201	6%
<i>EBR Parish School Board</i>	4,877	6%	<i>EBR Parish School Board</i>	5,160	6%
<i>Jefferson Parish School Board</i>	4,854	6%	<i>Jefferson Parish School Board</i>	5,145	6%
<i>St. Tammany Parish School Board</i>	4,134	5%	<i>St. Tammany Parish School Board</i>	4,237	5%
<i>Calcasieu Parish School Board</i>	3,914	4%	<i>Calcasieu Parish School Board</i>	4,066	5%
<i>Lafayette Parish School Board</i>	3,404	4%	<i>Lafayette Parish School Board</i>	3,408	4%
<i>Rapides Parish School Board</i>	2,648	3%	<i>Rapides Parish School Board</i>	2,694	3%
<i>Livingston Parish School Board</i>	2,629	3%	<i>Livingston Parish School Board</i>	2,599	3%
<i>Ouachita Parish School Board</i>	2,239	3%	<i>Ascension Parish School Board</i>	2,212	3%
<i>Ascension Parish School Board</i>	2,197	3%	<i>Ouachita Parish School Board</i>	2,210	3%
2009			2008		
<i>Jefferson Parish School Board</i>	5,193	6%	<i>Jefferson Parish School Board</i>	5,043	6%
<i>Caddo Parish School Board</i>	5,189	6%	<i>EBR Parish School Board</i>	4,973	6%
<i>EBR Parish School Board</i>	5,107	6%	<i>Caddo Parish School Board</i>	4,935	6%
<i>St. Tammany Parish School Board</i>	4,249	5%	<i>St. Tammany Parish School Board</i>	4,140	5%
<i>Calcasieu Parish School Board</i>	4,026	5%	<i>Calcasieu Parish School Board</i>	3,727	5%
<i>Lafayette Parish School Board</i>	3,394	4%	<i>Lafayette Parish School Board</i>	3,174	4%
<i>Rapides Parish School Board</i>	2,685	3%	<i>Rapides Parish School Board</i>	2,635	3%
<i>Livingston Parish School Board</i>	2,562	3%	<i>Livingston Parish School Board</i>	2,290	3%
<i>Ouachita Parish School Board</i>	2,177	2%	<i>Ouachita Parish School Board</i>	2,074	3%
<i>Terrebonne Parish School Board</i>	2,140	2%	<i>Terrebonne Parish School Board</i>	2,049	3%

Ten Largest Employers (Statistical) – cont'd

	# of Employees	% of Total Employees		# of Employees	% of Total Employees
2007			2006		
<i>EBR Parish School Board</i>	4,937	6%	<i>EBR Parish School Board</i>	5,249	6%
<i>Caddo Parish School Board</i>	4,898	6%	<i>Caddo Parish School Board</i>	5,208	6%
<i>Jefferson Parish School Board</i>	4,758	6%	<i>Jefferson Parish School Board</i>	5,059	6%
<i>St. Tammany Parish School Board</i>	4,118	5%	<i>St. Tammany Parish School Board</i>	4,378	5%
<i>Calcasieu Parish School Board</i>	3,712	4%	<i>Calcasieu Parish School Board</i>	3,947	5%
<i>Lafayette Parish School Board</i>	2,992	4%	<i>Lafayette Parish School Board</i>	3,181	4%
<i>Rapides Parish School Board</i>	2,621	3%	<i>Rapides Parish School Board</i>	2,787	3%
<i>Livingston Parish School Board</i>	2,287	3%	<i>Livingston Parish School Board</i>	2,432	3%
<i>Ouachita Parish School Board</i>	2,063	2%	<i>Ouachita Parish School Board</i>	2,193	3%
<i>Terrebonne Parish School Board</i>	2,029	2%	<i>Terrebonne Parish School Board</i>	2,157	3%
2005			2004		
<i>EBR Parish School Board</i>	5,656	6%	<i>EBR Parish School Board</i>	5,758	7%
<i>Caddo Parish School Board</i>	5,611	6%	<i>Caddo Parish School Board</i>	5,713	6%
<i>Jefferson Parish School Board</i>	5,451	6%	<i>Jefferson Parish School Board</i>	5,549	6%
<i>St. Tammany Parish School Board</i>	4,718	5%	<i>St. Tammany Parish School Board</i>	4,803	5%
<i>Calcasieu Parish School Board</i>	4,253	5%	<i>Calcasieu Parish School Board</i>	4,329	5%
<i>Lafayette Parish School Board</i>	3,428	4%	<i>Lafayette Parish School Board</i>	3,490	4%
<i>Rapides Parish School Board</i>	3,003	3%	<i>Rapides Parish School Board</i>	3,057	3%
<i>Livingston Parish School Board</i>	2,620	3%	<i>Livingston Parish School Board</i>	2,667	3%
<i>Ouachita Parish School Board</i>	2,363	3%	<i>Ouachita Parish School Board</i>	2,406	3%
<i>Terrebonne Parish School Board</i>	2,324	3%	<i>Terrebonne Parish School Board</i>	2,366	3%

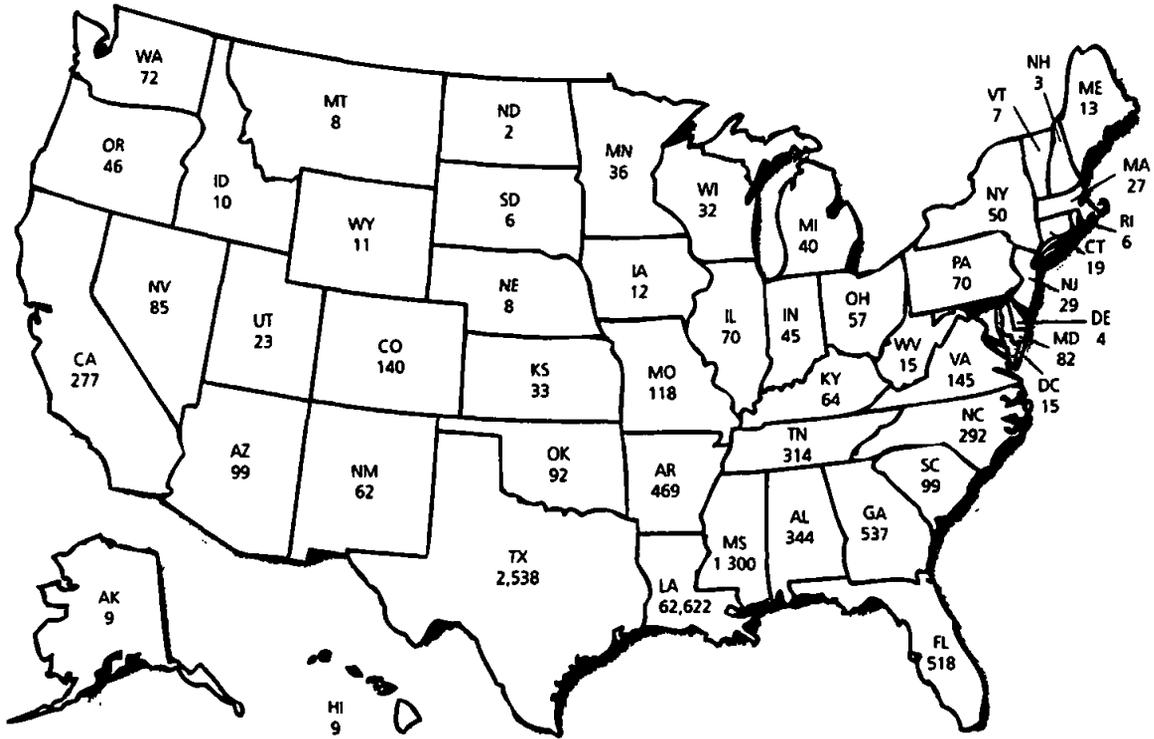
Total Active Members Statewide

Total number of members – 82,910
 (includes all employing agencies located within each parish)



TRSL Retirees Worldwide

Total number of retirees – 71,031



United States and District of Columbia (DC)	70,984
U.S. Overseas Military Bases	5
U.S. Possessions	
Guam	1
Virgin Islands	1
Foreign Countries	
Argentina	1
Australia	4
Belgium	1
Canada	6
China	1
Costa Rica	2
Czech Republic	3
Finland	1
Germany	7
Greece	1
Guernsey	1
Mexico	1
New Zealand	1
Pakistan	2
Philippines	1
Portugal	1
Singapore	1
Switzerland	1
Thailand	2
United Kingdom	2
TOTAL	71,031

Year	Retirees
2003	50,903
2004	52,900
2005	54,525
2006	57,512
2007	59,530
2008	61,070
2009	62,417
2010	63,940
2011	65,512
2012	67,657

HAWTHORN, WAYMOUTH & CARROLL, L.L.P.

LOUIS C. MCKNIGHT, III, C.P.A.
CHARLES R. PEVEY, JR., C.P.A.
DAVID J. BROUSSARD, C.P.A.
NEAL D. KING, C.P.A.
KARIN S. LEJEUNE, C.P.A.
ALYCE S. SCHMITT, C.P.A.



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CERTIFIED PUBLIC ACCOUNTANTS

8555 UNITED PLAZA BLVD., SUITE 200
BATON ROUGE, LOUISIANA 70809
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October 8, 2013

**Independent Auditor's Report on Internal Control over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards***

Members of the Board of Trustees
Teachers' Retirement System of Louisiana
Baton Rouge, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Teachers' Retirement System of Louisiana (the System), as of and for the year ended June 30, 2013, and the related notes to the financial statements, and have issued our report thereon dated October 8, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the System's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the System's internal control. Accordingly, we do not express an opinion on the effectiveness of the System's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the System's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the System's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Yours truly,

A handwritten signature in black ink that reads "Hawthorn, Weymouth & Carroll, LLP". The signature is written in a cursive, flowing style.

**Teachers' Retirement System of Louisiana
Schedule of Current Year Audit Findings
Year Ended June 30, 2013**

None

**Teachers' Retirement System of Louisiana
Schedule of Prior Year Audit Findings
Year Ended June 30, 2013**

None

STATE OF LOUISIANA
Annual Financial Statements
Fiscal Year Ending June 30, 2013
In Accordance with LRS.24:514(A)

Teachers' Retirement System of Louisiana

TO THE

Legislative Auditor
P.O. Box 94397
Baton Rouge, LA 70804-9397

AFFIDAVIT

STATE OF LOUISIANA

PARISH OF EAST BATON ROUGE

BEFORE ME, the undersigned Notary Public, personally came and appeared the undersigned authority Charlene T. Wilson, a competent person of full age of majority personally known by me, who, after being duly sworn, deposed and said:

That the financial statements herewith given present fairly the financial position of Teachers' Retirement System of Louisiana at June 30, 2013, and the results of operations for the year then ended in accordance with policies and practices established by the Division of Administration, or in accordance with the Generally Accepted Accounting Principles as prescribed by the Governmental Accounting Standards Board.


Charlene T. Wilson
Chief Financial Officer

SWORN TO AND SUBSCRIBED before me, Notary, this 8th day of October 2013.



Arthur Stuart Cagle, Jr.
Notary Public
Notary ID Number: 5905
Commission Expires at Death

Prepared by: Randy Fekete
Title: Accountant Manager 3
Telephone No.: (225) 925-6478
Date: October 08, 2013